**Taxable Income.** The excess of taxable revenues over   
tax deductible expenses and exemptions for the year   
as defined by the governmental taxing authority.

**Current Tax Expense (or Benefit).** The amount of income **taxes paid or payable (or refundable)** for a year as determined by.. provisions of enacted tax law to the taxable income or excess of deductions over revenues for that year.

**Deferred Tax Expense (or Benefit).** The change during the year in an entity's deferred tax liabilities and assets. For deferred tax liabilities and assets acquired in a purchase business combination during the year, it is the change   
since the combination date. Income tax expense (or benefit) for the year is allocated among continuing operations, discontinued operations, extraordinary items, and items charged or credited directly to shareholders' equity.

**Tax (or Benefit) [Also called the provision].** Tax (or benefit)   
is the total income tax expense (or benefit), including the provision (or benefit) for income taxes both currently   
payable and deferred.

**Deferred Tax Consequences.** The future effects on income taxes as measured by the applicable enacted tax rate and provisions of the enacted tax law resulting from temporary differences and carryforwards at the end of the current year.

**Deferred Tax Asset.** The deferred tax consequences attributable to **deductible temporary differences** and carryforwards. A deferred tax asset is measured using the applicable enacted tax rate and provisions of the enacted   
tax law. A deferred tax asset is reduced by a valuation allowance if, based on the weight of evidence available,   
it is more likely than not that some portion or all of a deferred tax asset will not be realized.

**Deferred Tax Liability.** The deferred tax consequences attributable to **taxable temporary differences.**    
A deferred tax liability is measured using the applicable enacted tax rate and provisions of the enacted tax law.

**Temporary Difference.** A difference between the **tax basis**   
of an asset or liability computed pursuant to the requirements in Subtopic [740-10](https://asc.fasb.org/link&sourceid=SL2195627-109594&objid=6526318) for tax positions,   
and its **reported amount** in the financial statements that   
will result in taxable or deductible amounts in future   
years when the reported amount of the asset or liability is recovered or settled, respectively.   
Paragraph [740-10-25-20](https://asc.fasb.org/link&sourceid=SL2195647-109594&objid=6526318) cites eight examples   
of temporary differences. Some temporary differences cannot be identified with a particular asset or liability for financial reporting…, but those temporary differences do meet both of the following conditions:

a.  Result from events that have been recognized in the financial statements

b.  Will result in taxable or deductible amounts in future years based on provisions of the tax law.

**Some events recognized in financial statements do not   
have tax consequences.** Certain revenues are exempt   
from taxation and certain expenses are not deductible. Events that do not have tax consequences **do not give   
rise to temporary differences. [permanent]**

**Taxable Temporary Difference.** Temporary differences that **result in taxable amounts in future years** when the related asset is recovered or the related liability is settled.

**Deductible Temporary Difference.** Temporary differences that result in **deductible amounts in future years** when the related asset or liability is recovered or settled, respectively.

**Tax Position.** A position in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax assets and liabilities for interim or annual periods. A tax position can result in a permanent reduction of income taxes payable, a deferral of income taxes otherwise currently payable to future years, or a change in the expected realizability of deferred tax assets. The term tax position also encompasses, but is not limited to:

a.  A decision not to file a tax return

b.  An allocation or a shift of income between jurisdictions

c.  The characterization of income or a decision to exclude reporting taxable income in a tax return

d.  A decision to classify a transaction, entity, or other position in a tax return as tax exempt

e.  An entity’s status, including its status as a pass-through entity or a tax-exempt not-for-profit entity.

**Unrecognized Tax Benefit.** Difference between a tax position taken or expected to be **taken in a tax return** and the **benefit recognized** and measured pursuant to Subtopic [740-10](https://asc.fasb.org/link&sourceid=SL2195695-109601&objid=6527854).

[**Valuation Allowance**](https://asc.fasb.org/masterGlossaryLinks&trid=2144692&oid=6528051)**.** The portion of a deferred tax asset for which it is more likely than not that a tax benefit will not be realized.

**Requirement.** A tax liability or asset shall be recognized based on the provisions of this Subtopic applicable to tax positions for the estimated taxes payable or refundable on tax returns for the current and prior years.

A **deferred tax liability or asset** shall be recognized for the estimated future tax effects attributable to temporary differences and [**carryforwards**](https://asc.fasb.org/glossarysection&trid=2559500&id=SL2223457-109314).

It shall be presumed that all **undistributed earnings of a subsidiary** will be transferred to the parent entity. Accordingly, the undistributed earnings of a subsidiary included in consolidated income shall be accounted for as a temporary difference ….

**The presumption** that all undistributed earnings will be transferred to the parent entity **may be overcome**, and no income taxes shall be accrued by the parent entity,….if sufficient evidence shows that the subsidiary has invested or will **invest the undistributed earnings indefinitely** or that the earnings will be remitted in a tax-free liquidation.

[**Carryforwards**](https://asc.fasb.org/masterGlossaryLinks&trid=2144758&oid=6506874)**.** Deductions or credits that cannot be utilized on the tax return during a year that may be carried forward to reduce taxable income or taxes payable in a future year. An operating loss carryforward is an excess of tax deductions over gross income in a year; a tax credit carryforward is the amount by which tax credits available for utilization exceed statutory limitations.