

GAAP Reporter with FASB Codification

Thomson Reuters Checkpoint® **GAAP Reporter with FASB Codification** is a unique research resource designed to help accounting and financial reporting professionals ensure they are in compliance with GAAP (Generally Accepted Accounting Principles). Expert authors provide in-depth section-by-section guidance, interpretation and analysis on the entire breadth of the Financial Accounting Standards Board's (FASB) Codification, as well as updated coverage to reflect any new changes issued by the FASB.

GAAP Reporter is organized according to the structure of the Codification, with detailed explanations that concisely summarize the key concepts in each section in clear, straightforward terms – making it easier to understand.

Professional insights, expertise and illustrations appear throughout the content to help you apply the guidance in practice and provide just what you need to comply with confidence. They typically cover:

- Common practice in applying the guidance in the Codification
- Common pitfalls in applying the guidance
- Recent or pending updates to the guidance
- SEC comment letters
- Differences between IFRS and U.S. GAAP
- How to perform a calculation described in the guidance
- Illustrative examples of required disclosures

In addition to comprehensive expert analysis and commentary, GAAP Reporter also contains time-saving practice aids, including detailed annual and interim disclosure checklists, client letters and memoranda.

GAAP Reporter is authored by a full-time staff of experts at Thomson Reuters Checkpoint, ensuring that updates are made in an extremely timely manner. No other product on the market comes close to GAAP Reporter in terms of scope of coverage and detail of expert analysis.

GAAP Reporter also provides access to the full text of the Codification and, for each section of the Codification, brings together any accounting standards updates, prior versions of the Codification and original standards related to that section.

Example of Table of Contents Structure for a specific section of the Codification (see bold text below):

- Revenue Recognition (605)
 - Overall (605-10)
 - 605-10-00 Status
 - 605-10-05 Overview and Background
 - 605-10-15 Scope and Scope Exceptions
 - 605-10-20 Glossary
 - **605-10-25 Recognition**
 - **Text of Codification Section 605-10-25**
 - **Explanations for 605-10-25**
 - **Accounting Standards Updates for 605-10-25**
 - **Prior Code for 605-10-25**
 - **Original Standards for 605-10-25**



WHY GAAP REPORTER?

GAAP Reporter is different from other accounting research tools.

- It provides expert section-by-section analysis and interpretation of the entire breadth of the FASB Codification, organized according to the structure of the Codification.
- Written by a team of accounting and financial reporting experts, GAAP Reporter's guidance on the Codification is broader in scope, more detailed and more timely than any other product on the market.
- Observations, tips, examples and cautions help you interpret the standards along with comprehensive checklists for annual and interim financial statements and time-saving practice aids, such as sample memoranda and client letters.
- Intelligent linking takes you directly to and from primary source materials (Codification, related SEC, IFRS) and other expert WG&L analysis.

HOW DOES IT IMPROVE GAAP RESEARCH?

- Instantly access practical guidance on applying the rules to your specific situation when researching a particular section of the FASB Codification.
- Save time and ensure that you are in compliance with GAAP when preparing annual and interim financial statements with checklists and related practice aids.

With GAAP Reporter, you can not only read a concise, easy to understand restatement of the Codification, you can also find real-life illustrations, recommendations and observations so that you can find your answer, see how it applies to your situation, and act upon it in one simple place.

740-10-25EX6 Income Taxes—Recognition—Initial recognition of a tax position.
GAAP Reporter (WG&L)

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EXP ¶ 740-10-25EX6 Income Taxes—Recognition—Initial recognition of a tax position.

A tax position must be recognized initially in the financial statements when the technical merits of the position indicate that it is more likely than not that the position would be upheld if examined by the tax authorities. "More-likely-than-not" is defined as a probability that is greater than 50 percent. The guidance uses the terms "examined" or "upon examination," in this context, to encompass the entire litigation process, including the resolution of any appeals.

(FASB ASC 740-10-25-6)

For example, an entity evaluates the cost of an acquired asset in order to determine whether the cost is tax deductible in the financial statements. The entity must consider the more-likely-than-not criterion. If the entity concludes with 100 percent certainty that the entire cost is deductible in full, the more-likely-than-not criterion is met.

(FASB ASC 740-10-25-6)

When an entity determines that the more-likely-than-not criterion is met for a particular tax position, the entity is positively asserting that it considers itself entitled to the economic benefits linked to that tax position.

(FASB ASC 740-10-25-6)

Refer to ¶ 740-10-25EX7 for related guidance on evaluating whether a position meets the more-likely-than-not recognition threshold.

WG&L Viewpoint: Practical guidance for establishing whether a specific tax position should be considered "examined" under U.S. federal and state tax laws is found in Section 1402 of *FIN 48—Accounting for Uncertain Tax Positions*, available on Checkpoint. The authors of this publication note the following:

Generally, for a tax position to be considered "examined," the tax position should be the subject of an Information Document Request, Form 4564 in an IRS audit, or a similar request in the event of a state taxing authority.

WG&L Observation: As discussed in **FASB ASC 740-10-25-6**, one of the underlying principles of accounting for income taxes is that an entity must recognize and measure an estimate of the amount of a tax position that the entity believes will be upheld if the position is examined by the tax authorities. An entity must follow the accounting guidance in **FASB ASC 740-10-25-6** even if its tax position is never subject to a challenge as part of an audit by a tax authority. In practice, however, it is not uncommon for an entity's tax positions to be challenged during an audit. Many large SEC-reporting entities disclose that they are undergoing a challenge of their tax positions by the Internal Revenue Service, and, in many cases, these challenges relate to more than one annual tax return.

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