

Statement of Financial Accounting Standards No. 108

Note: This Statement has been completely superseded

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Accounting for Income Taxes—Deferral of the
Effective Date of FASB Statement No. 96

(an amendment of FASB Statement No. 96)

December 1991



Financial Accounting Standards Board
of the Financial Accounting Foundation
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FAS 108: Accounting for Income Taxes—Deferral of the Effective Date of FASB Statement No. 96

an amendment of FASB Statement No. 96

FAS 108 Summary

This Statement amends FASB Statement No. 96, *Accounting for Income Taxes*, to defer the effective date of that Statement to fiscal years beginning after December 15, 1992.

INTRODUCTION

1. FASB Statement No. 96, *Accounting for Income Taxes*, was issued in December 1987. It requires an asset and liability approach for financial accounting and reporting for income taxes and supersedes APB Opinion No. 11, *Accounting for Income Taxes*. As issued, Statement 96 was effective for financial statements for fiscal years beginning after December 15, 1988, with earlier application encouraged.
2. FASB Statement No. 100, *Accounting for Income Taxes—Deferral of the Effective Date of FASB Statement No. 96*, was issued in December 1988. Statement 100 deferred the effective date of Statement 96 to fiscal years beginning after December 15, 1989, to provide preparers and auditors of financial statements more time to study, understand, and apply the provisions of Statement 96 and the FASB Special Report, *A Guide to Implementation of Statement 96 on Accounting for Income Taxes*, which was issued in March 1989.
3. FASB Statement No. 103, *Accounting for Income Taxes—Deferral of the Effective Date of FASB Statement No. 96*, was issued in December 1989. Statement 103 deferred the effective date of Statement 96 to fiscal years beginning after December 15, 1991. The effective date was deferred to give the Board time to complete consideration of requests to amend Statement 96 and to complete due process on any amendment that might result from that consideration.
4. As a result of the Board's consideration of requests to amend Statement 96, the Board

issued an Exposure Draft of a proposed Statement, *Accounting for Income Taxes*, in June 1991. That proposed Statement would supersede Statement 96. For reasons discussed in the appendix to this Statement, the Board has concluded that required adoption of Statement 96 should be further delayed. Early application ¹ of Statement 96 continues to be permitted.

STANDARDS OF FINANCIAL ACCOUNTING AND REPORTING

Amendment to Statement 96

5. The first two sentences of paragraph 32 of Statement 96 are superseded by the following:

This Statement shall be effective for fiscal years beginning after December 15, 1992. Earlier application is permitted.

Supersession of Statements 100 and 103

6. This Statement supersedes FASB Statements No. 100 and No. 103, *Accounting for Income Taxes—Deferral of the Effective Date of FASB Statement No. 96*.

Effective Date

7. This Statement is effective upon issuance.

This Statement was adopted by the unanimous vote of the six members of the Financial Accounting Standards Board:

Dennis R. Beresford, *Chairman*
Joseph V. Anania
Victor H. Brown
James J. Leisenring
A. Clarence Sampson
Robert J. Swieringa

Appendix: BACKGROUND INFORMATION AND BASIS FOR CONCLUSIONS

8. Statement 96 was issued in December 1987. In March 1989, the Board began consideration of requests to amend Statement 96 to (a) change the criteria for recognition and measurement of deferred tax assets and various other requirements of Statement 96 and (b) reduce complexity.

9. The Board completed its consideration of those requests in May 1991 and issued an Exposure Draft of a proposed Statement that would supersede Statement 96 in June 1991. As proposed in that Exposure Draft, that Statement would be effective for fiscal years beginning after December 15, 1992.

10. On June 17, 1991, the FASB issued an Exposure Draft, *Accounting for Income Taxes—Deferral of the Effective Date of FASB Statement No. 96*, which proposed deferring the effective date of Statement 96 one additional year. The Board received more than 50 comment letters. A large majority of the respondents supported the deferral.

11. Most of the respondents supported the one-year deferral period. However, a few respondents suggested a longer or indefinite deferral period to allow adequate time to replace Statement 96 and to avoid the possibility of the need for another deferral of the effective date of Statement 96.

12. The Board concluded that (a) it could reach an informed decision on the basis of existing information without a public hearing, (b) deferral of Statement 96 is necessary and a one-year deferral to fiscal years beginning after December 15, 1992 is appropriate, and (c) the effective date for this Statement as specified in paragraph 7 is advisable in the circumstances.

Footnotes

FAS108, Footnote 1--If an enterprise chooses early application, it shall apply all of the provisions of Statement 96. Early application of only selected provisions is prohibited. An enterprise that has already applied the provisions of Statement 96 and issued interim or annual financial statements reflecting that application may not revert to accounting for income taxes under Opinion 11.