
TABLE OF CONTENTS

Tax-Basis Financial Statements	1
A. Overview	1
B. Present Reporting and Disclosure Authority- Tax Basis	1
C. Revised Definition of Tax-Basis Financial Statements	2
D. When to Use and Not Use Tax-Basis Financial Statements	3
E. Deferred M-1s Are Eliminated with Tax-Basis Financial Statements	4
F. Nontaxable Revenue and Nondeductible Expenses- Permanent Differences	5
G. Converting to Tax-Basis Financial Statements	6
H. Cash Flows Statement- Tax-Basis Financial Statements	10
I. Tax-Basis Financial Statement Titles	11
J. Disclosure and Financial Statement Requirements- Tax Basis	14
K. Agreements Not to Compete- Tax-Basis Financial Statements	18
L. Using the Tax Basis Based on a Method that Differs from the Income Tax Return	18
M. Tax-Basis Financial Statements- State Tax-Basis of Accounting	22
N. Disregarded Entities and Tax-Basis Financial Statements	22
O. Accounting for Tax Carryovers in Tax-Basis Financial Statements	25
P. Tax- Change in Accounting Method- IRC 481(a)	29
Q. Presenting Insolvency in Tax-Basis Financial Statements	30
R. Involuntary Conversions and Tax Basis	32
S. Sample Tax-Basis Financial Statements, Reports and Disclosures	34
Test Your Knowledge	59
Solutions and Suggested Responses #11	63
Glossary	67
Index	69
Final Exam Copy	70