

# Tax Accounting

## Overview

# Tax Accounting

---

## System References

None

## Distribution

Oracle Assets

Job Title\*

## Ownership

The Job Title [[list@YourCompany.com?Subject=EDUxxxxx](mailto:list@YourCompany.com?Subject=EDUxxxxx)] is responsible for ensuring that this document is necessary and that it reflects actual practice.

**Tax Accounting**

**Release 12 Oracle Asset Management Fundamentals**

**ORACLE**

### Objectives

**After completing this module, you should be able to do the following:**

- **Discuss the key options and decisions required when creating a tax asset book**
- **Add assets into a tax asset book using the Initial Mass Copy function**
- **Add assets into a tax asset book using the Periodic Mass Copy function**
- **Manually add assets to a tax asset book**

ORACLE

### Objectives

- **Discuss populating tax reserves when adding assets to the tax asset book**
- **Explain how you can use Asset Management to calculate deferred depreciation and future deferred income tax liability**
- **Explain how Asset Management handles tax credits**

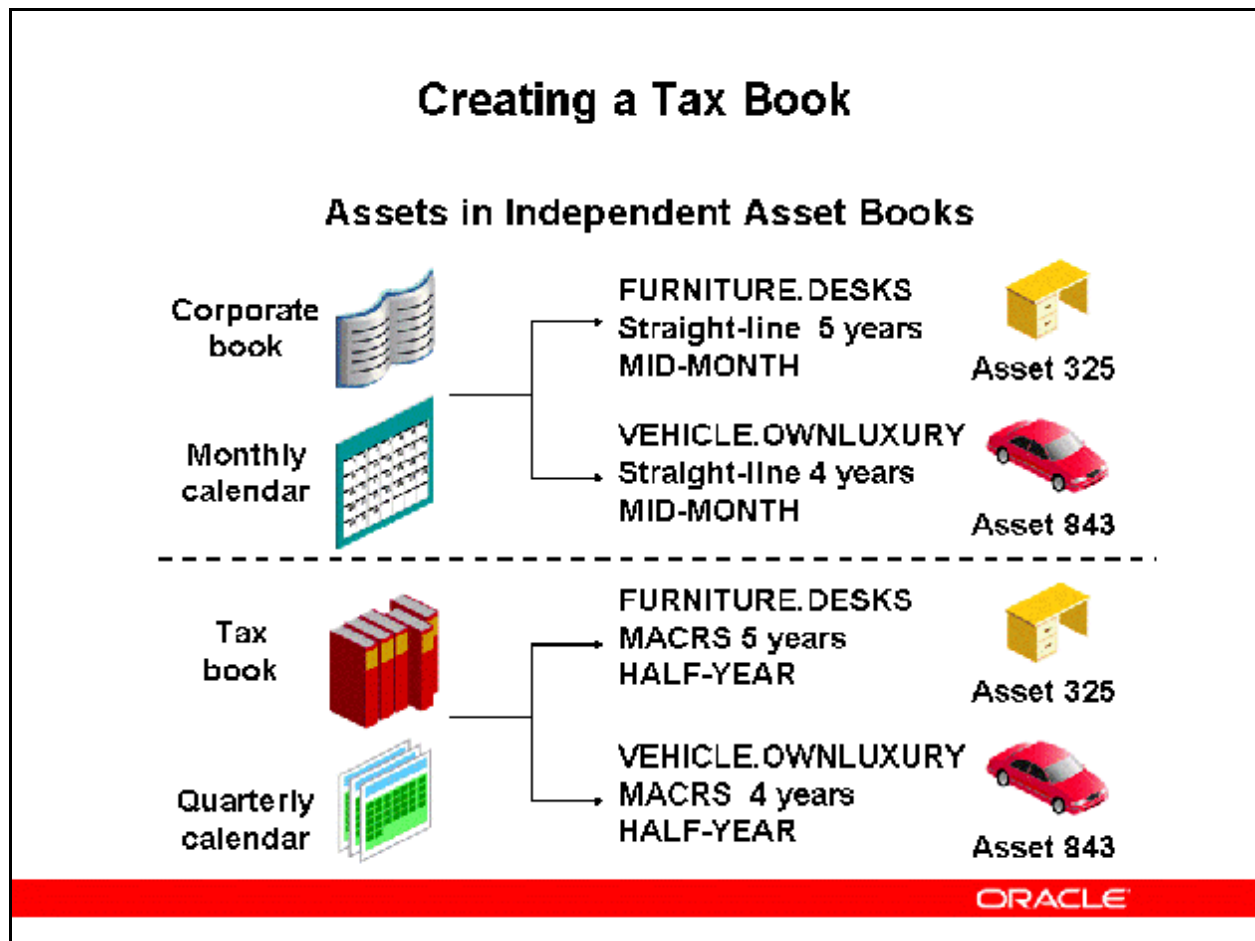
ORACLE

### Agenda

- **Creating a Tax Asset Book**
- **Entering Information in Tax Books**
- **Tax Rules**
- **Deferred Taxes**
- **Adjusting Depreciation Reserves**
- **CIP Assets in Tax Books**
- **Tax Reports**

ORACLE

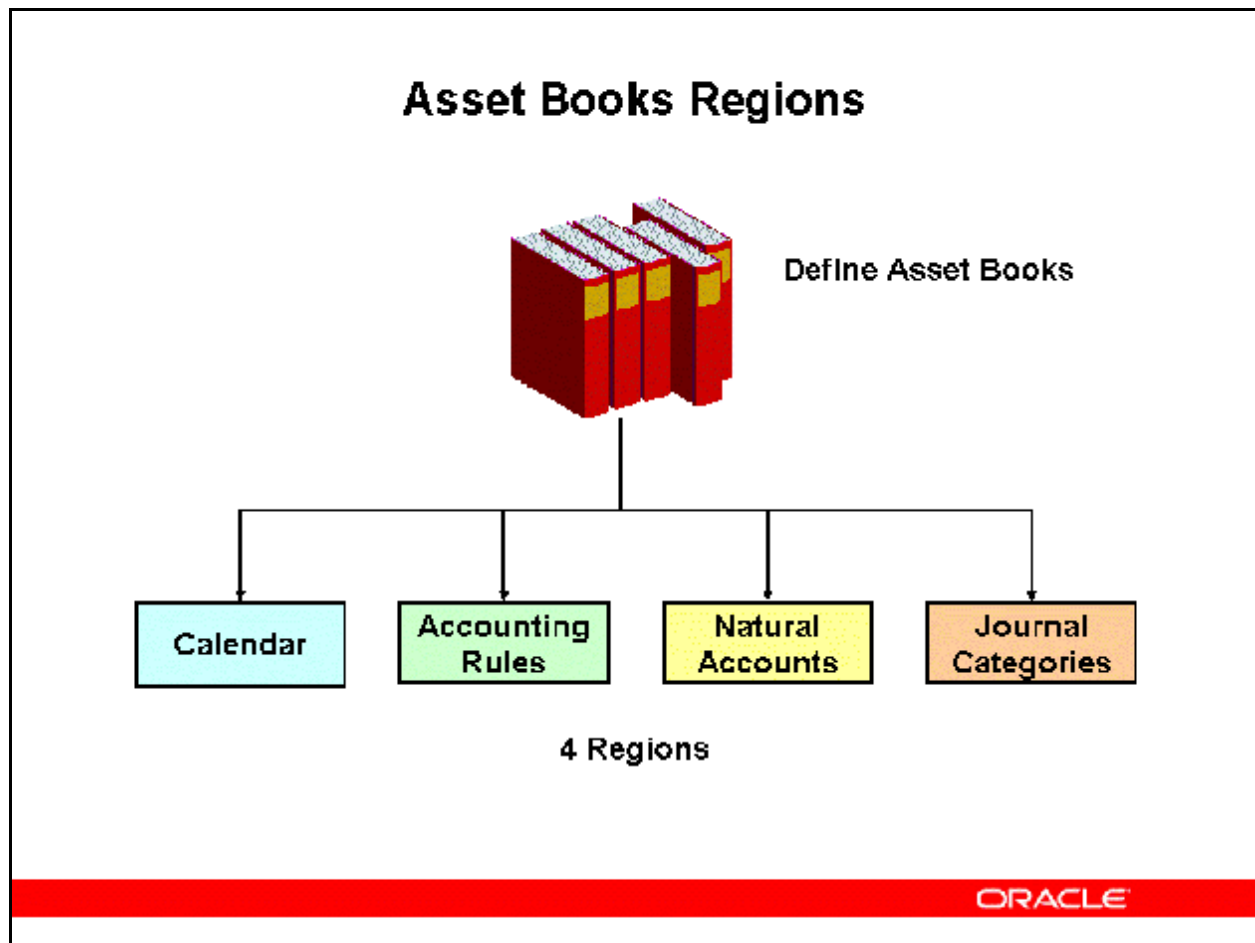
## Creating a Tax Book



### Creating a Tax Book

- You create tax books before you add and depreciate assets.
- You set up a new tax books to comply to tax laws and to take advantage of optimal tax strategies.
- You set up multiple tax books that are associated for each corporate book.
- You define independent tax depreciation books for each reporting authority.
- You create a separate federal tax book and state tax book.
- You copy assets into each book and depreciate these according to each book's depreciation rules.
  - Several authorities may be able to use the same book. For example, some states use information from the United States Federal tax book instead of requiring a separate book.

## Asset Books Regions



### Asset Books Regions

(N) Setup > Asset System > Book Controls

Before you can define a tax asset book, you must first setup the corporate asset book that the tax book will be associated with. See the *Release 12 Oracle Asset Management Fundamentals* module *Asset Books* for detailed information on setting up asset books.

You must complete each region for every tax book you define regardless of whether the information will be used or not. For example, in defining a tax book, you must complete the natural accounts and journal categories regions even if you do not intend to generate journal entries for the book.

Special considerations when setting up a tax asset book are as follows:

#### Calendar Region

- Choose the Tax book class. You must associate a Tax book with a previously setup Corporate book.
- Your tax book must have the same account structure, general ledger calendar, and functional currency as the associated corporate book. If you want to create journal entries from your tax book, you must enter a different G/L set of books for your tax book than the associated corporate book. You can then Allow G/L Posting.



- Use the prorate calendar with the smallest period size or resolution you need for determining your depreciation rate. For example, you may want to use a monthly prorate calendar in a tax book that uses a quarterly depreciation calendar to allow finer control of the annual depreciation amount for some monthly prorate/method combinations.

### **Accounting Rules Region**

- Check Allow Reserve Adjustments if you want to allow changes to the accumulated depreciation in your tax book.
- You can Allow Cost/Expense Ceilings in a depreciation book; however, you cannot apply a cost ceiling and an expense ceiling to the same asset in a depreciation book.
- Check Allow CIP Assets if you want to be able to automatically add CIP assets to your tax book when you add them to your corporate book.
- If you choose to Allow Mass Copy into this tax book, choose whether to copy additions, adjustments, retirements, and/or salvage value.
  - Corporate book periods must map exactly into tax periods for Mass Copy. For example, three corporate months must fit into each tax quarter.

**Refer to *Demonstration – Create a Tax Asset Book [LAB0370Y]***

**Refer to *Practice – Define a Tax Asset Book [LAB0390Y]***

## Prerequisites for Setting Up Tax Book Asset Categories

---

### Prerequisites for Setting Up Tax Book Asset Categories

- ✓ Setup category flexfield
- ✓ Setup account segment values and combinations
- ✓ Setup asset books
- ✓ Setup QuickCode values
- ✓ Setup prorate conventions
- ✓ Setup depreciation methods

ORACLE

### Prerequisites for Setting Up Tax Book Asset Categories

(N) Setup > Asset System > Asset Categories

Before you can add assets to a newly defined tax asset book, you must assign already existing asset categories to the tax book. See the *Release 12 Oracle Asset Management Fundamentals* module *Asset Categories* for detailed information on setting up asset categories.

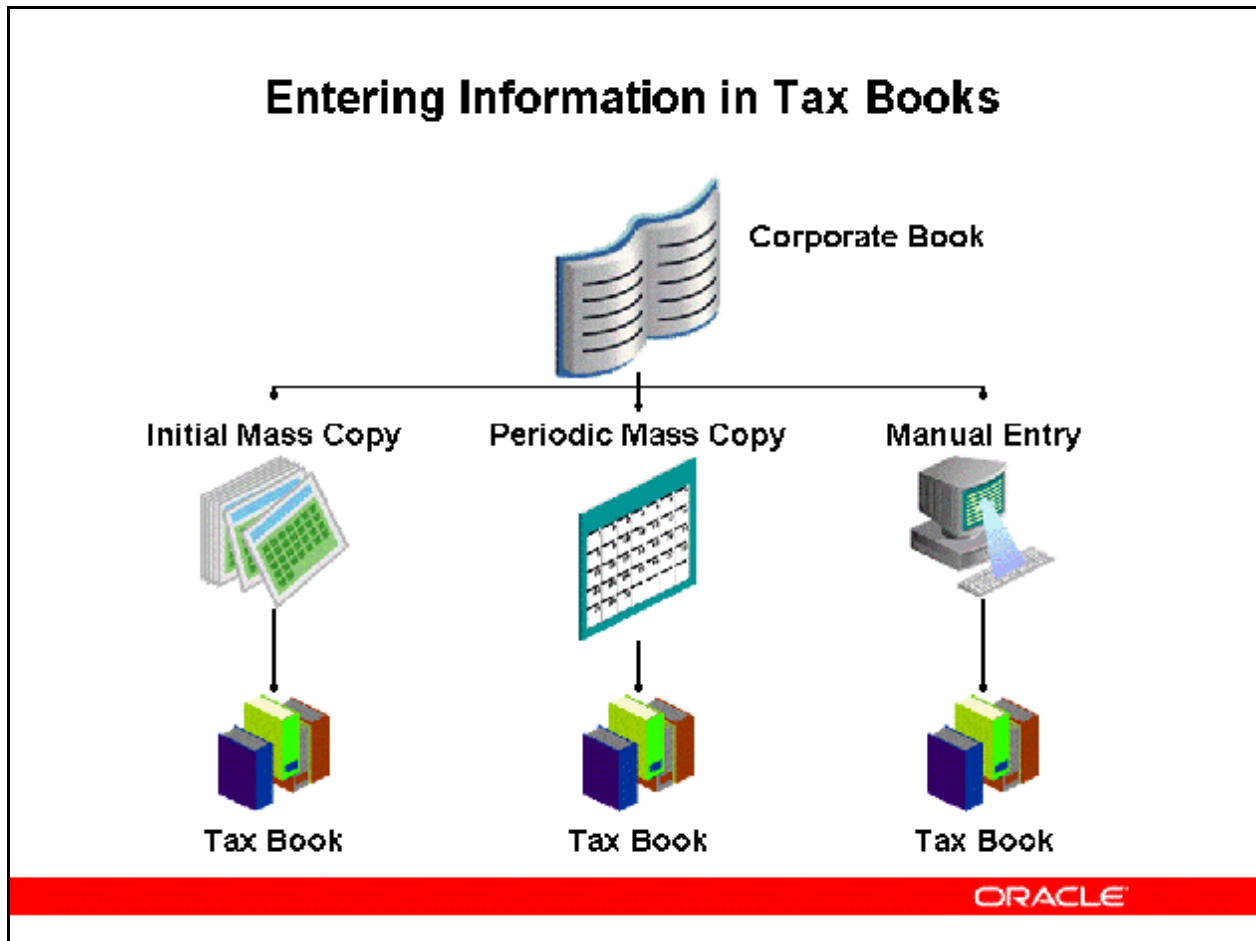
Specific considerations when setting up asset categories for tax asset books are:

- You can optionally enter either a depreciation expense or cost ceiling.
- Check Straight Line for Retirements if you are setting up an asset category with a 1250 property class in a tax book. Oracle Assets uses a straight–line depreciation method in determining the gain or loss resulting from the retirement of 1250 (real) property.
  - If you check Straight Line For Retirements, enter the straight–line depreciation Method and Life you want to use for the Gain From Disposition of 1250 Property Report. This is the default method for your asset in the Retirements window and in the tax book if you use mass copy.
- Indicate whether assets in this category are eligible for Investment Tax Credit (ITC), and whether assets in this category Use ITC Ceilings.

**Refer to *Demonstration – Add Asset Categories to a Tax Book* [LAB0371Y]**

**Refer to *Practice – Add Asset Categories to a Tax Book* [LAB0391Y]**

## Entering Information in Tax Books



### Entering Information in Tax Books

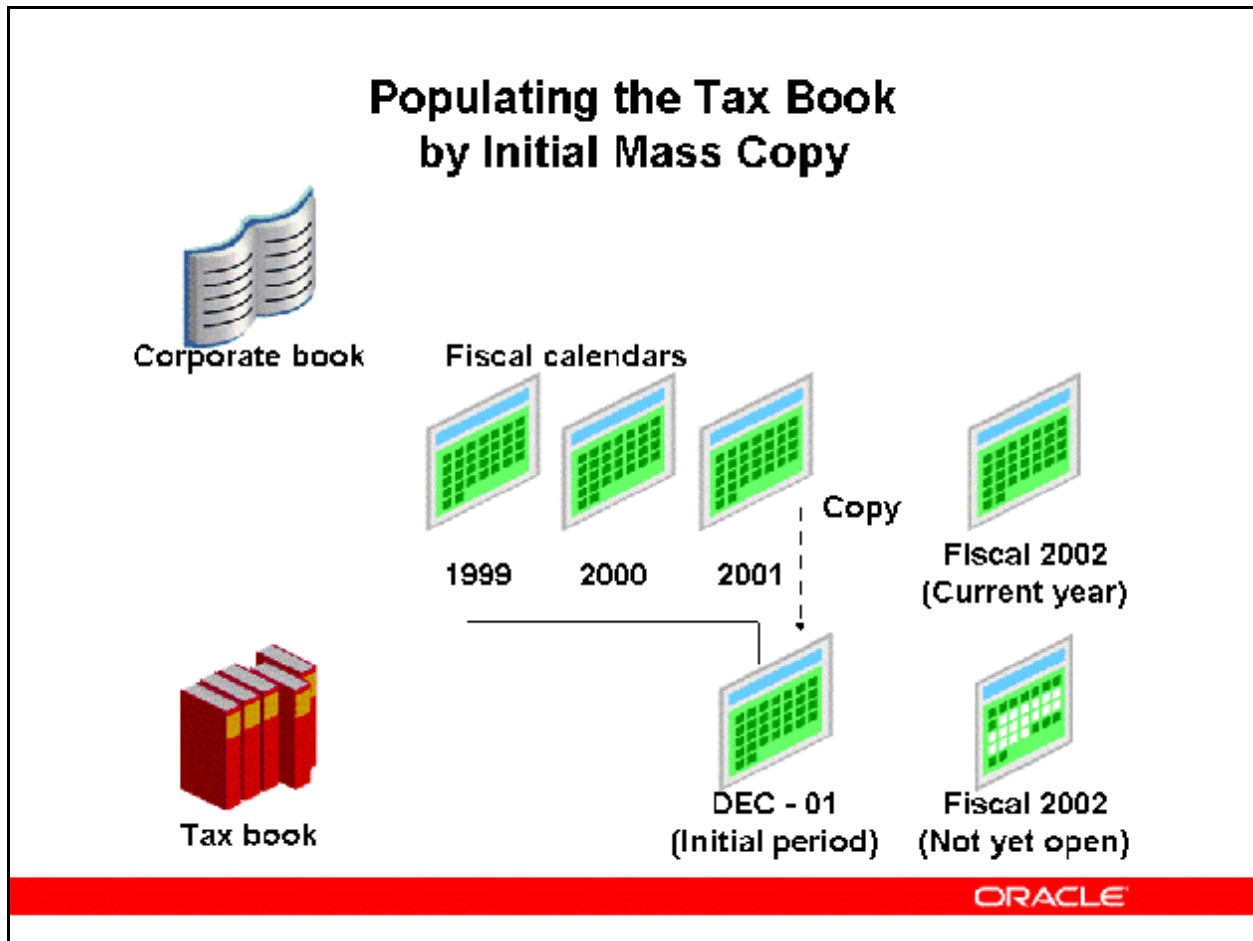
You can copy your assets and transactions from your corporate book to your tax books automatically using Mass Copy.

- You can create as many tax books as you need, maintain your asset information in your corporate book, and then update your tax books with assets and transactions from your corporate book.
- You must allow Mass Copy and choose whether to copy additions, cost adjustments, retirements, and salvage value for your tax book in the Book Controls window before you can run mass copy.
- You also specify which corporate book mass copy uses as the source.
- You cannot copy assets from one corporate book into another corporate book.
- If you choose to copy adjustments, Oracle Assets copies cost adjustments from the associated corporate book if the unrevalued cost in the corporate book before the adjustment matches the unrevalued cost in the tax book. It copies both adjustments that are ADJUSTMENT type in the tax book and adjustment transactions that create a new ADDITION type and update the ADDITION/VOID in the tax book.

- Use Initial Mass Copy to initially populate your tax book by adding existing assets to a tax book.
- Use Periodic Mass Copy each period to keep your tax book up to date with your corporate book.

You can also enter assets and transactions into the tax book manually.

## Populating the Tax Book by Initial Mass Copy



### Populating the Tax Book by Initial Mass Copy

(N) Tax > Initial Mass Copy

- Use Initial Mass Copy to initially populate your tax book by adding existing assets to a tax book.
- Initial Mass Copy copies all the assets added to your corporate book before the end of the current tax fiscal year into the open accounting period in your tax book.
- When using Initial Mass Copy for the first time in your tax book, you can run it as many times as necessary for the first period to copy all existing assets. When you rerun the process, Initial Mass Copy only looks at assets which it did not copy into the tax book during previous attempts, so no data is duplicated.
- The current fiscal year in your tax book determines which assets Initial Mass Copy copies into your tax book.
  - Example: If the current fiscal year of your tax book is 2001, Initial Mass Copy copies all assets into your tax book as they appeared at the end of 2001 in your corporate book, even if 2002 is the current fiscal year of your corporate book.
  - The fiscal year must be closed in the corporate book.

- Only run Initial Mass Copy for the first period of your tax book. For following periods in your tax book, run Periodic Mass Copy.
- Initial Mass Copy does not copy assets retired before the end of that year or assets added after the end of that year.
- You do not need to copy any adjustments or partial retirements you performed before the end of the fiscal year.
- When you close this initial period, Oracle Assets calculates the net book value of your assets that have zero accumulated depreciation in the tax book, and opens the next period.

### Populating the Tax Book

**Data Copied During Initial Mass Copy**

Information Copied	Information Not Copied
<ul style="list-style-type: none"><li>• Cost</li><li>• Original cost</li><li>• Units</li><li>• Date placed in service</li><li>• Capacity and unit of measure</li><li>• Salvage value</li></ul>	<ul style="list-style-type: none"><li>• Assets retired before the end of the fiscal year</li><li>• Assets added after the end of the fiscal year</li><li>• Expensed items</li><li>• Revaluations</li></ul>

ORACLE

### Populating the Tax Book

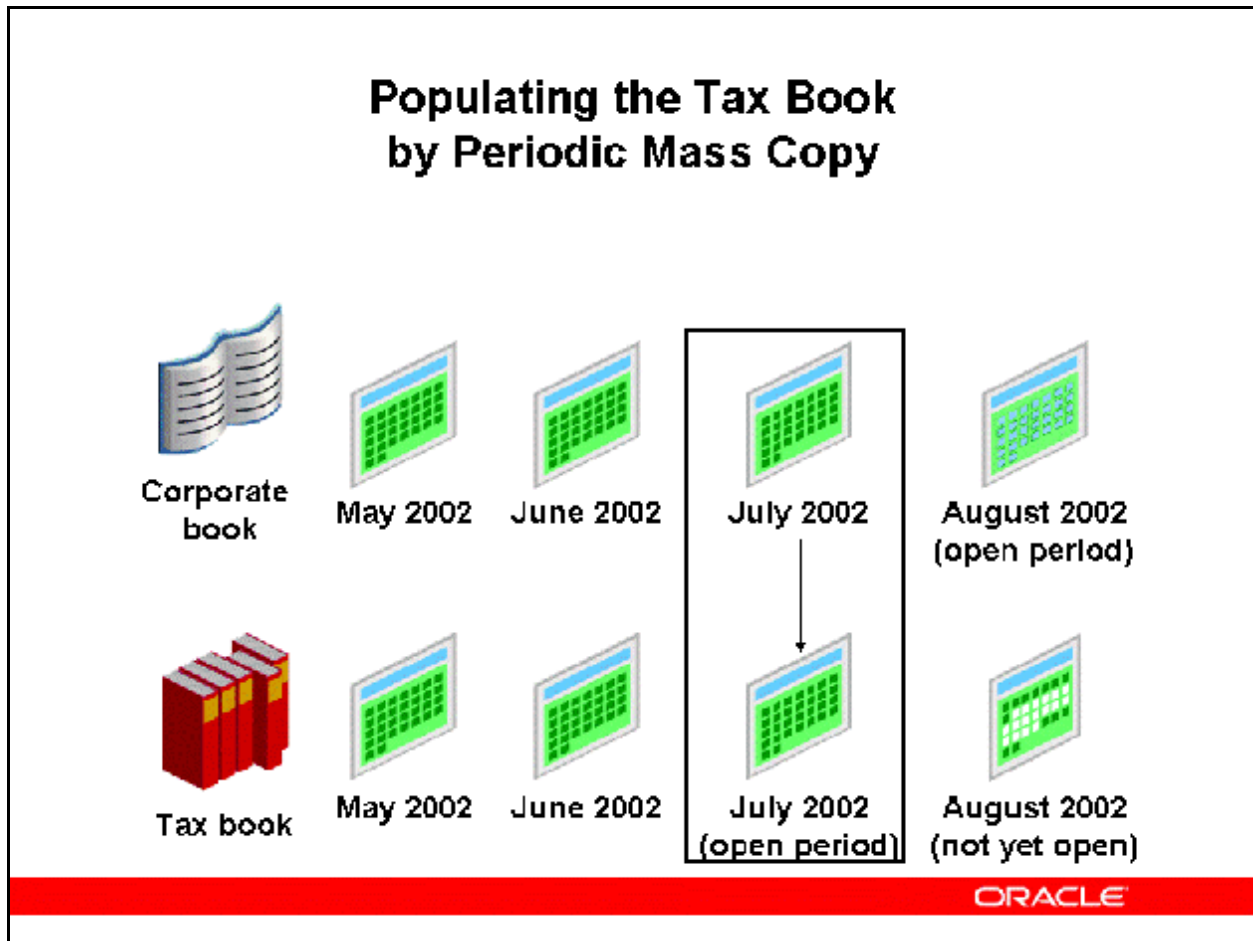
- Depreciation information comes from the default category information for the tax book according to the asset category and the date placed in service. You must set up your asset categories with default information for your tax book before you run Initial Mass Copy.
- Override default depreciation rules in the Depreciation Books form if necessary.
- Since tax books share the category and assignments with their associated corporate book, you do not need to copy reclassifications or transfers from one book to another.
- Tax books also share production amounts with their associated corporate books for assets depreciating under units of production.
- For subcomponent assets, copy the parent asset first. Then copy the subcomponent asset, defaulting the asset life according to the subcomponent life rule you defined for the tax category and the parent asset life. You must set up the depreciation method for the subcomponent asset life before you can use the method and life.
  - If your subcomponent asset uses straight–line depreciation, Oracle Assets sets up the depreciation method for the calculated life for you. If the depreciation method is not straight–line, and not already set up for the subcomponent life rule default, Oracle Assets uses the asset category default life.



**Refer to *Demonstration – Perform an Initial Mass Copy [LAB0372Y]***

**Refer to *Practice – Perform an Initial Mass Copy [LAB0392Y]***

## Populating the Tax Book by Periodic Mass Copy



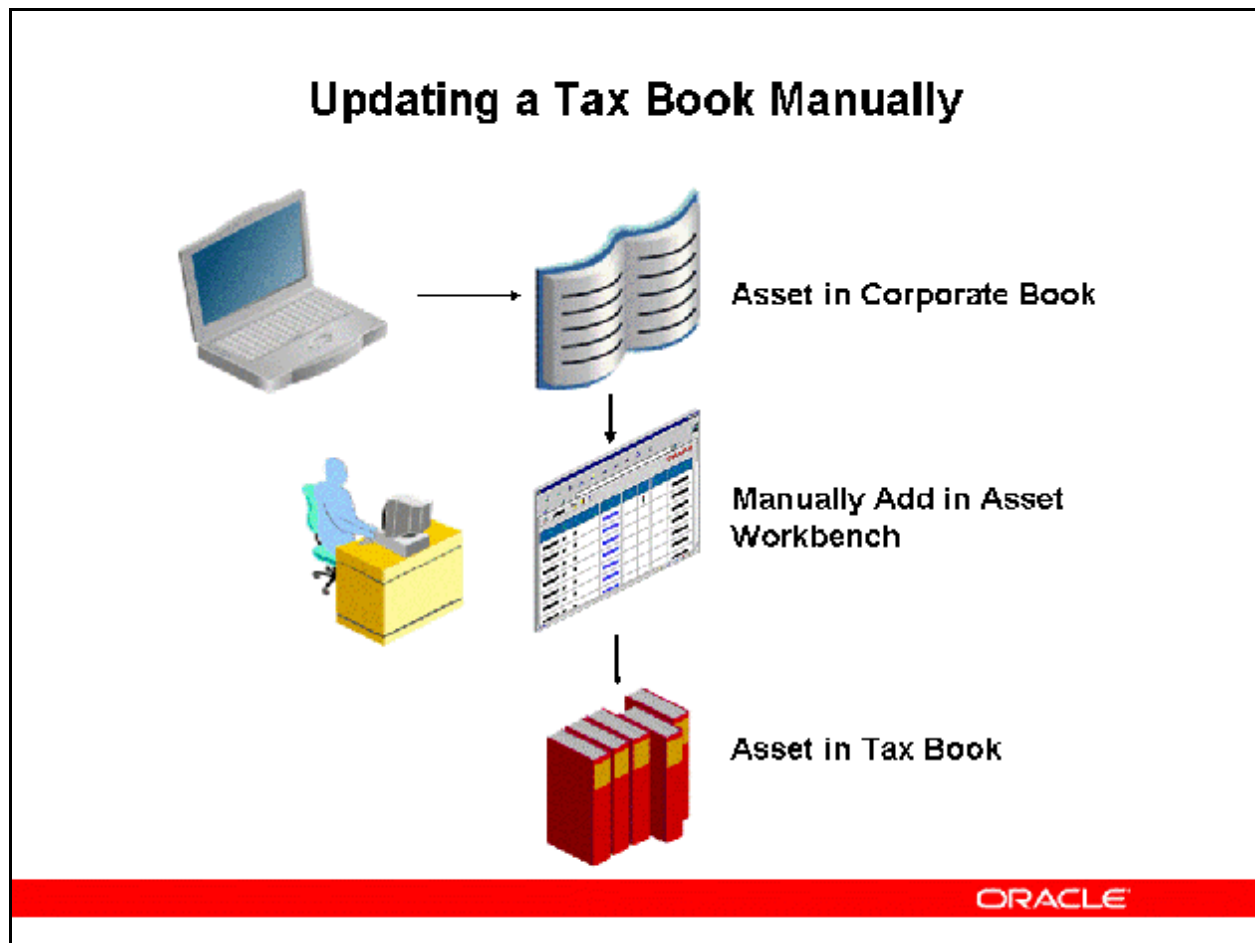
### Populating the Tax Book by Periodic Mass Copy

(N) Tax > Periodic Mass Copy

- Use Periodic Mass Copy each period to keep your tax book up to date with your corporate book.
- Oracle Assets copies new assets and transactions you made in your corporate book during one accounting period in the current fiscal year into the open period of your tax book.
- You can run periodic mass copy on each tax book after you close each period in the corporate book.
- The Periodic Mass Copy program copies addition, adjustment, retirement, and reinstatement transactions to your tax book from the current period in the associated corporate book.
  - **Note:** You can use Periodic Mass Copy to populate a new tax book if you added all your assets to your corporate book in the period for which you are running Mass Copy.
- Periodic Mass Copy copies all qualifying transactions for an asset one at a time. It does not combine transactions, and only copies transactions from a closed accounting period in the associated corporate book.

- Because tax books share category and distribution information with the corporate book, Periodic Mass Copy does not copy reclassifications or transfers.
  - If two transactions in separate corporate periods fall into the same tax period, Oracle Assets may copy them differently. For example, if you adjust an asset in the period after you added it to the corporate book but the adjustment falls in the same tax period as the addition, the tax addition becomes an Addition/Void, and the tax adjustment is a new Addition transaction.
  - If the second transaction is not allowed in the same period, such as a retirement in the period of the addition, it is not copied.
- Oracle Assets prints all skipped transactions in the Periodic Mass Copy log file.
- In using Periodic Mass Copy, specify whether to copy retirements, adjustments, and salvage value for the tax book in the Book Controls window.
- If a retirement is skipped, consider adjusting the cost to zero in the open period and performing a prior-period retirement in the next period.

## Updating a Tax Book Manually



### Updating a Tax Book Manually

(N) Asset > Asset Workbench (B) Books

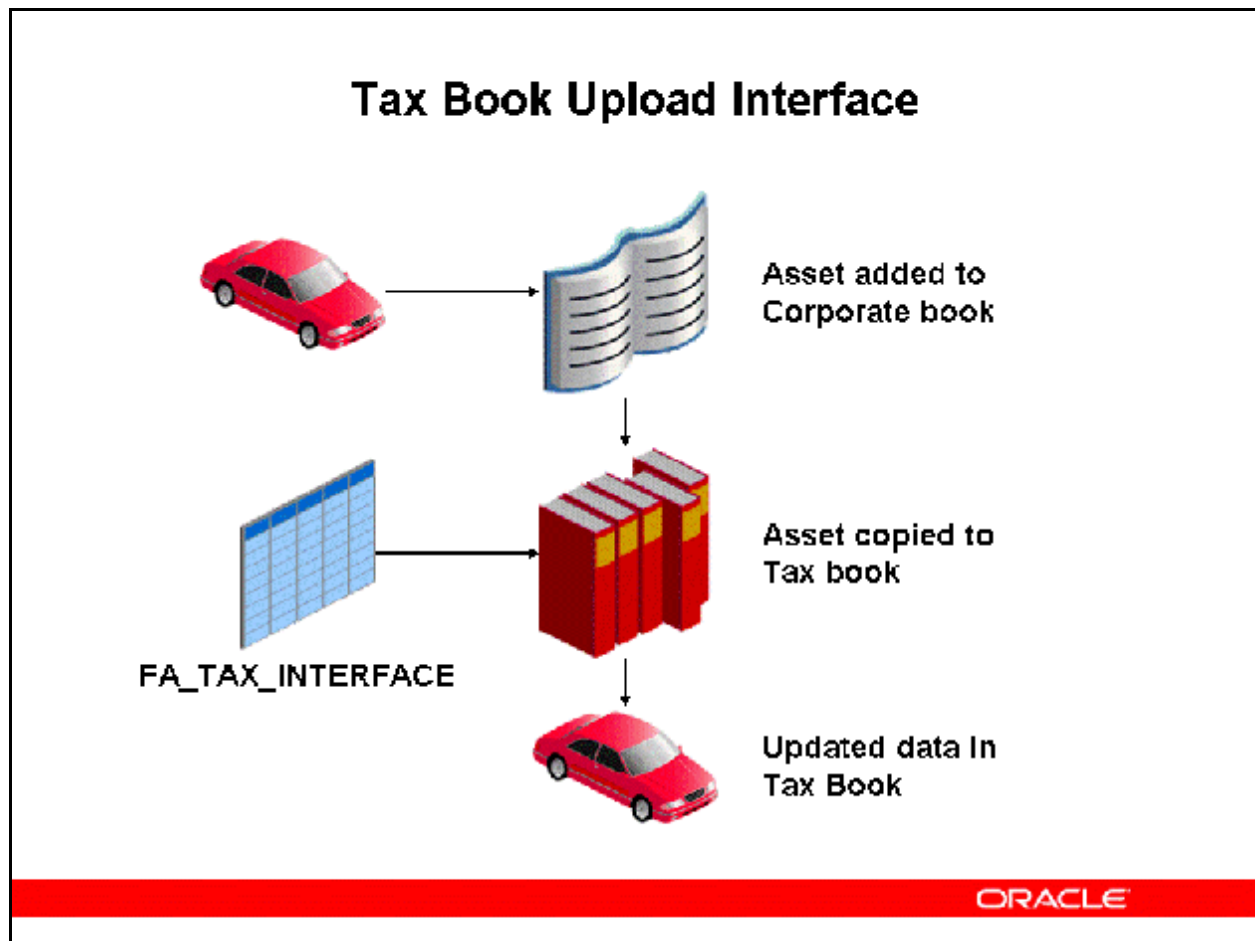
You may enter assets and transactions directly into the tax book. This is done by navigating to the Books window for the asset and selecting the appropriate tax book. The financial information can be changed as necessary.

If you manually adjust the cost in the tax book, Mass Copy will copy future transactions from the corporate book if you set the FA: Copy All Cost Adjustments profile option to a Yes value. This will allow cost adjustments to be copied as an absolute value, not a proportion of basis.

**Refer to *Demonstration – Manually Add an Asset to a Tax Book [LAB0373Y]***

**Refer to *Practice – Manually Add an Asset to a Tax Book [LAB0393Y]***

## Tax Book Upload Interface



### Tax Book Upload Interface

- The Tax Book Upload interface table enables you to enter tax information via SQL. Once the assets have been added into your tax books, you can change basic financial information, such as year-to-date depreciation, accumulated reserve, cost, and salvage value, for an unlimited number of assets in the tax books. You can use the Tax Book Upload interface table to enter tax information only in the period you added the assets to your tax book. You can also use the Tax Book Upload interface table to upload short tax year information.
- You can use the FA: Copy All Cost Adjustments profile option to allow the Mass Copy program to copy all cost adjustments, even when the unrevalued cost is different in the corporate book and the associated tax books.

### Tax Book Upload Example

The following example shows how you can use the Tax Book Upload feature and the FA: Copy All Cost Adjustments profile option to copy cost adjustments when the unrevalued cost in the corporate book is different from the unrevalued cost in the tax book:

1. You add an asset in the corporate book with an original cost of \$100.

2. After running mass copy, the asset now appears in your tax book with an original cost of \$100.
3. You want to change the original cost amount in the tax book to \$80, so you execute the following SQL script:
  - insert into fa\_tax\_interface
  - (asset\_number, book\_type\_code, cost, posting\_status)
  - values ('12345','ABCTAX',80, 'POST');
4. You run the Upload Tax Book Interface program so that the asset in the tax book now has an original cost of \$80.
5. Next, you adjust the asset cost in the corporate book from \$100 to \$200.
6. You run the Mass Copy program to the tax book with the profile option FA: Copy All Cost Adjustments set to Yes.
7. This adjustment is reflected in the tax book with a new cost of \$180.

**Note:** If you have two different cost values for your corporate and tax books, and you want the Periodic Mass Copy program to copy all cost adjustments to your tax books, you must set the FA: Copy All Cost Adjustments profile option to Yes. If you do not set the FA: Copy All Cost Adjustments profile option to Yes, you will not be able to take advantage of the Periodic Mass Copy functionality that allows subsequent cost adjustments to be copied to the tax books.

## Discussing Tax Rules

### Discussing Tax Rules

Calculating Investment Tax Credits (ITC)

ITC amount	=	ITC basis × ITC rate
Recoverable cost	=	Current cost – Salvage value – (ITC basis × Basis reduction rate)
ITC recapture	=	ITC amount × ITC recapture rate × (Cost retired / Current cost)

ORACLE

### Discussing Tax Rules

You can set up and review your Investment Tax Credit (ITC) rates and recapture rates. Oracle Assets displays the rates in ascending order by year and life. Oracle Assets automatically recaptures a portion of the investment tax credit for assets with ITC that you retire before they are fully reserved. Once you set up your rates, you can claim ITC for an asset.

**Note:** In the United States for federal income tax purposes, the investment tax credit applied to assets placed into service prior to 1987.

Setup Investment Tax Credit:

(N) Setup > Depreciation > ITC Rates

(N) Setup > Depreciation > ITC Recapture Rates

Apply ITC to an Asset:

(N) Tax > Tax Workbench (B) Investment Tax Credits

### Discussing Tax Rules

<b>Depreciation ceiling:</b>	<b>The maximum depreciation taken for an asset</b>
<b>Capital gain threshold:</b>	<b>The minimum time to hold an asset before reporting a capital gain upon retirement</b>
<b>Capital gain = Asset holding time <math>\geq</math> threshold</b>	
<b>Ordinary income = Asset holding time <math>&lt;</math> threshold</b>	
<b>Adjusted current earnings:</b>	<b>A depreciation rule defined by the United States tax law</b>

ORACLE

### Discussing Tax Rules

#### Depreciation Ceiling

- The depreciation expense ceiling limits the annual depreciation expense amount. It is applied to luxury automobiles in the United States.
- The depreciation cost ceiling limits the recoverable cost of an asset. It is commonly used in countries outside the United States.

#### Capital Gain Threshold

Capital gain threshold is the minimum time an asset is held before qualifying for capital gains treatment upon retirement.

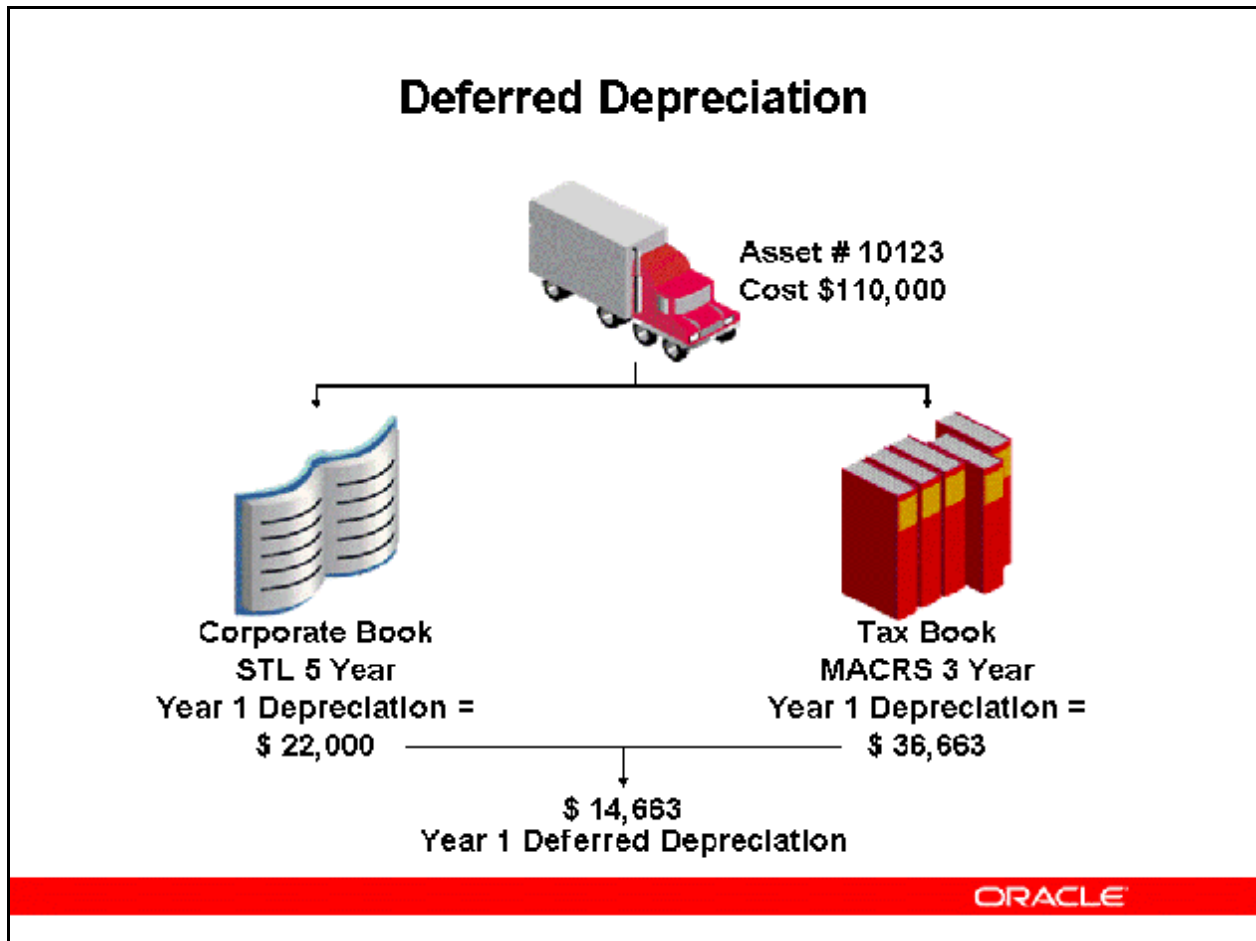
- You specify a default capital gain threshold for a book, and override the default threshold for a particular category.
- If you hold an asset for at least as long as this threshold, Oracle Assets reports it as a capital gain on retirement.

#### Adjusted Current Earnings (ACE)

Adjusted current earnings depreciation rules are for United States tax purposes. An ACE book is another type of tax book that you create and update according to ACE rules.



# Deferred Depreciation



## Deferred Depreciation

### Defining Deferred Depreciation

Deferred depreciation is the temporary difference in depreciation expense between the corporate book and the tax book. FAS 109 determines how to account this difference between the corporate and tax books in the United States.

### Estimating Deferred Depreciation Tax Liability

Project depreciation expense for the corporate and tax book. Determine permanent differences, such as salvage value in the corporate book or an investment tax credit, by running the Recoverable Cost Report. Adjust depreciation expense for permanent differences.

Adjusted tax depreciation expense = Tax depreciation expense × (Corporate recoverable cost/Tax recoverable cost)

## Calculating Deferred Depreciation

### Calculating Deferred Depreciation

Calculating Deferred Depreciation for a \$ 5,000 asset

Year of Life	Corporate Book STL Depreciation	Tax Book – Accelerated Depreciation	Deferred Depreciation
1	1,000	3,000	2,000
2	1,000	1,500	500
3	1,000	300	-700
4	1,000	150	-850
5	1,000	50	-950

ORACLE

### Calculating Deferred Depreciation

(N) Journal Entries > Deferred

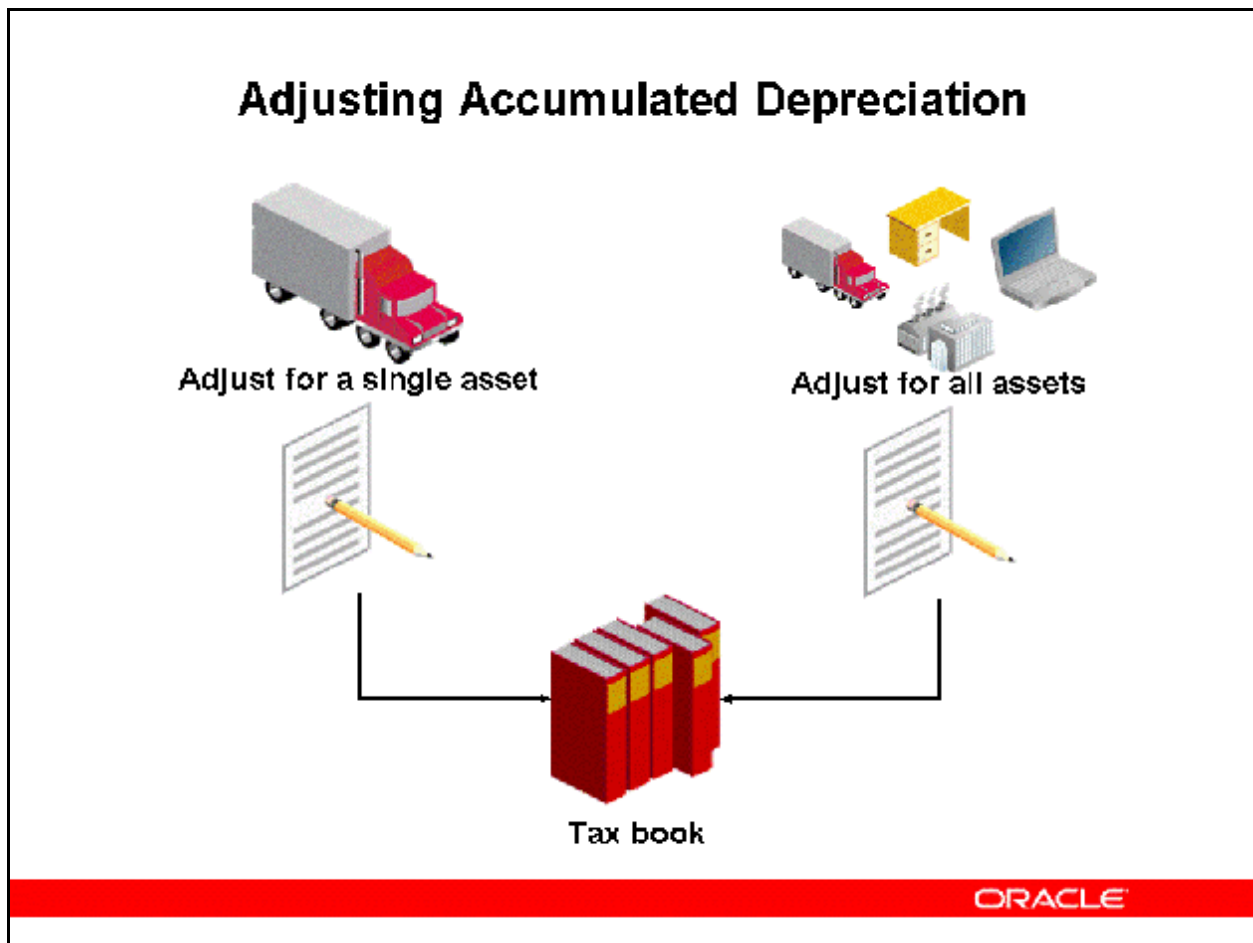
#### Creating Deferred Depreciation Journal Entries

After closing the corporate and tax periods, create journal entries for the general ledger for the actual deferred depreciation. Oracle Assets calculates deferred depreciation by comparing the tax and corporate books, which must use the same depreciation calendar. The general ledger period for which you want to create journal entries must be open or future entry.

#### Creating Journal Entries from Tax Books

Create a corporate tax book and associate it with a set of tax books. Create journal entries for the tax book from the set of tax books. Compare the corporate book with the set of tax books in the general ledger.



## Adjusting Accumulated Depreciation



### Adjusting Accumulated Depreciation

- You adjust the depreciation taken for a previous fiscal year in a tax book if an auditor specifies a different depreciation amount or you need to adjust depreciation between the minimum and maximum amounts.
- You adjust the depreciation taken for all assets in a tax book using the Mass Depreciation Adjustment feature.

## Adjusting Depreciation Reserve for a Single Asset

<b>Adjusting Depreciation Reserve for a Single Asset</b>		
		
	Fiscal Yr 2001 (Closed)	Fiscal Yr 2002 (Current)
Depreciation Reserve	\$ 200,000	\$ 200,000
Current YTD Depreciation		\$ 50,000
Adjustment 	(\$ 20,000)	(\$ 20,000)
Adjusted Reserve	\$ 180,000	\$ 230,000

### Adjusting Depreciation Reserve for a Single Asset

(N) Tax > Tax Workbench (B) Reserve Adjustments

#### Adjusting Depreciation Reserve in a Tax Book

Adjust an asset reserve for a year only if you have not performed an amortized change since that year.

- Allow Reserve Adjustments for the tax book.
- Add assets to the tax book by using Mass Copy.
- Close the fiscal year you want to adjust.
  - You cannot adjust the depreciation taken in a previous fiscal year for assets using a units-of-production method.
  - You cannot adjust depreciation for assets on which you have performed an amortized cost adjustment since the end of the fiscal year you are adjusting.

Adjust a reserve in tax books only, because once depreciation is reported to shareholders, it cannot be changed.

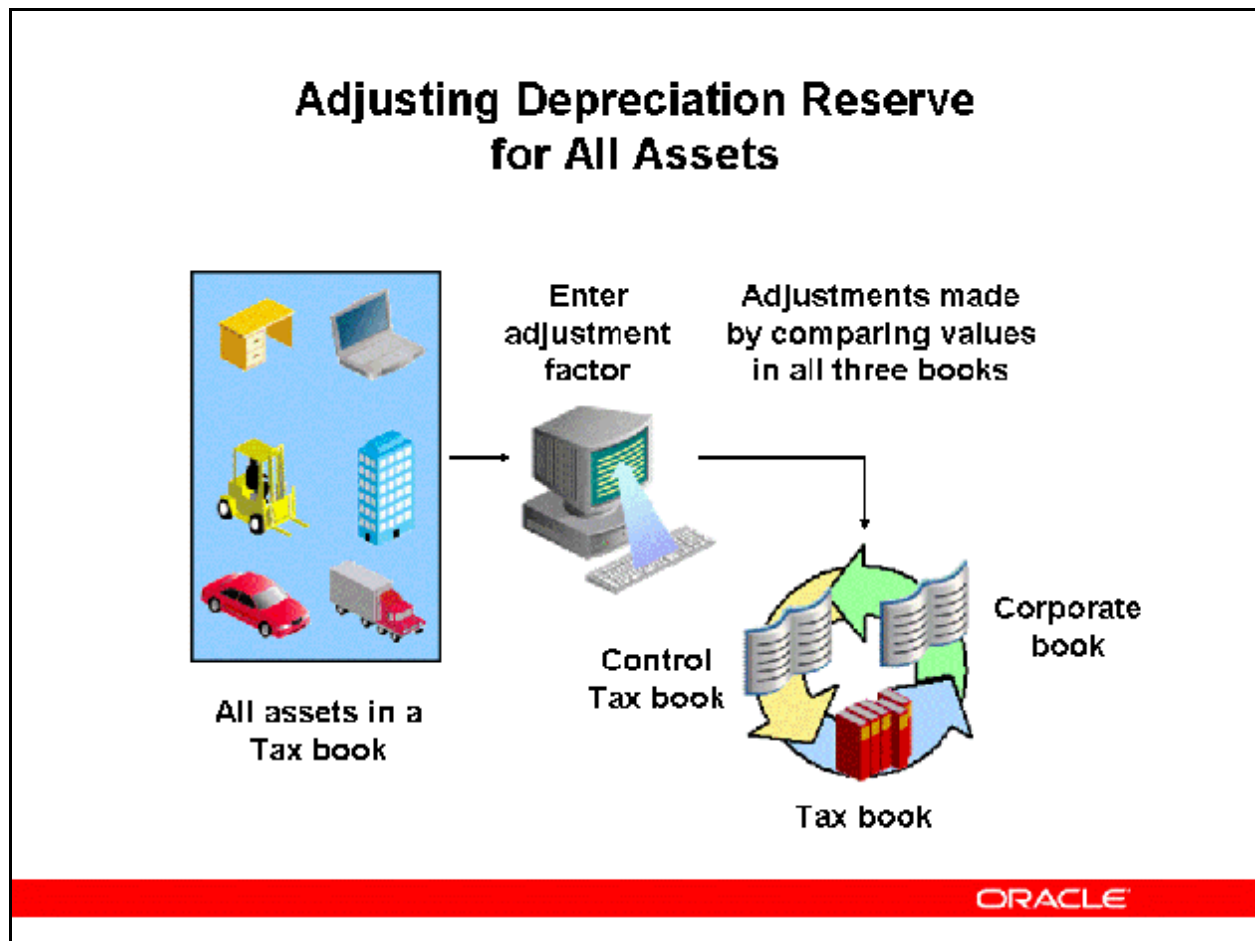
#### Updating Subsequent Years

Oracle Assets automatically adjusts the life-to-date depreciation for all subsequent years to reflect the adjustment.

- Updating a reserve in tax books does not change the depreciation expense taken.
- It creates journal entries to the accumulated depreciation and depreciation adjustment accounts.
- Use this feature only when a reporting authority specifies a different accumulated depreciation.

**Refer to *Demonstration – Adjust Depreciation Reserve [LAB0374Y]***

## Adjusting Depreciation Reserve for All Assets



### Adjusting Depreciation Reserve for All Assets

(N) Tax > Mass Depreciation Adjustments

Oracle Assets can adjust depreciation for each asset between minimum and maximum amounts by a factor that you enter. It determines the minimum and maximum amounts by comparing the accumulated depreciation in the tax book, a control book, and the associated corporate book.

Preparing for the adjustment:

- Define the three books. The adjusted and control tax book must have the same associated corporate book.
- Close the fiscal year in all three books.
- Ensure that you have run depreciation to close the previous fiscal year for the tax book you want to adjust, its associated corporate book, and the control tax book.
- The current open period in the adjusted tax book must be the first period of the following fiscal year with no transactions entered.

## Controlling Mass Depreciation Adjustment

### Controlling Mass Depreciation Adjustment

Status	Definition	Possible Action
New	New adjustment	Preview
Preview	Report running	None
Previewed	Report successful	Run adjustment Modify adjustment definition Preview
Updated	Adjustment updated	Preview
Running	Adjustment running	None
Error	Report or adjustment ended in error	Preview
Completed	Adjustment successful	Review

ORACLE

### Controlling Mass Depreciation Adjustment

- Use the Status field to see the current status of the adjustment.
- Select Preview, Run, or Review to specify the action that you want Oracle Assets to do. Preview runs the Mass Depreciation Adjustment Preview Report.

## Calculating Mass Depreciation Adjustment

### Calculating Mass Depreciation Adjustment

Minimum Accumulated Depreciation	Maximum Accumulated Depreciation
Is the greatest of the accumulated depreciation in	
1. The adjusted tax book at the beginning of the fiscal year?	1. The adjusted tax book at the end of the fiscal year?
2. The control tax book at the end of the fiscal year?	
3. The corporate book at the end of the fiscal year?	

ORACLE

### Calculating Mass Depreciation Adjustment

Oracle Assets calculates the adjusted depreciation for the fiscal year for each asset in the tax book by the following formulas:

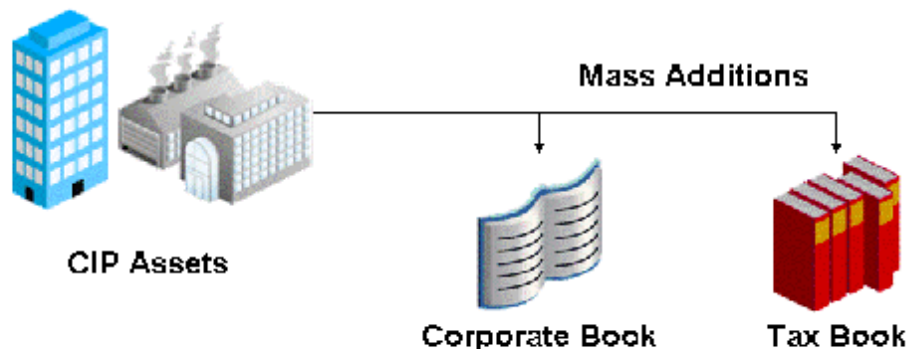
- Adjusted depreciation expense = Minimum depreciation + [Adjustment factor (Maximum - Minimum depreciation)]
- Minimum depreciation = Minimum accumulated depreciation - Opening accumulated depreciation in adjusted book
- Maximum depreciation = Maximum accumulated depreciation - Opening accumulated depreciation in adjusted book



## Automatically Adding CIP Assets to Tax Books

### Automatically Adding CIP Assets to Tax Books

You have the option of adding and maintaining CIP assets in your tax book and corporate book simultaneously. To enable this function, select the **Allow CIP Assets** check box in the **Book Controls** window for the tax book.



ORACLE

### Automatically Adding CIP Assets to Tax Books

- After you set up Oracle Assets to automatically add CIP assets to your tax book, all CIP assets you add to your corporate book will automatically be added to your tax book at the same time.
- When you capitalize these CIP assets in your corporate book, the same assets will automatically be capitalized in your tax book, even if the corporate and tax books are in different periods.
- If you checked Allow CIP Assets and later you uncheck it, you may have CIP assets that were automatically added to the tax book while Allow CIP Assets was checked. Although Allow CIP Assets is no longer checked, those CIP assets in the tax book will be automatically capitalized when the same assets are capitalized in the corporate book.
- You cannot perform any transactions directly to CIP assets in tax books. You can only perform transactions on CIP assets in your corporate book, and these transactions will automatically be replicated to the tax book.
  - Adjustments, retirements, reinstatements, and capitalizations must be performed on CIP assets in the corporate book.

- These transactions are copied automatically to the related tax book. Cost adjustments are copied as actual adjustment amounts, not as a percentage of the cost.
- Example: The cost of Asset A in the corporate book is \$1000. In the tax book, the cost of Asset A is \$1500 due to inflationary revaluation. If the cost of Asset A in the corporate book changes by 30% to \$1300, the actual adjustment is \$300. In the tax book, the cost adjustment amount of \$300 will be copied, not the rate of the adjustment (30% of \$1500). The adjusted cost for Asset A in the tax book will be \$1800, not \$1950.
- You cannot view CIP assets in tax books from the Asset Workbench. You can view this information in the View Financial Information window.

## General Tax Reports

### General Tax Reports

Name	Description
Annual Additions Report	Shows additions by date placed in service
Capital Spending Report	Shows assets added before cutoff date for a fiscal year
Property Tax Report	Shows assets by location
Tax Preference Report	Compares corporate and tax book depreciation
Revalued Asset Retirements Report	Shows gain or loss calculated using price index to revalue asset cost
Recoverable Cost Report	Shows the recoverable cost for each asset in the corporate book and the tax book for a specific accounting period
Reserve Adjustments Report	Provides an audit trail of depreciation reserve adjustment
Tax Additions Report	Shows the asset additions and capitalizations for the period range you select
Tax Reserve Ledger Report	Shows depreciation expense for the specified period
Tax Retirements Report	Shows gain or loss and any ITC recaptured for asset retirements

ORACLE

## Special Tax Reports

### Special Tax Reports

<b>Tax Feature Reports</b>	
<b>Investment Tax Credit Report</b>	Shows the amount of investment tax credit (ITC) you can claim on the assets you add
<b>Revalued Asset Report</b>	Shows asset retirements revalued according to a price index
<b>US Tax Form Reports</b>	
<b>Form 4562: Depreciation and Amortization Report</b>	Review the depreciation taken for the fiscal year you specify
<b>Form 4626: AMT Reports</b>	Review the difference in year-to-date depreciation between any tax book and an alternative minimum tax (AMT)
<b>Form 4684: Casualties and Theft Reports</b>	Shows asset retirements which have the retirement type you request, and whether you held this asset as a long or short term
<b>Form 4797: Gain from Disposition of 1245/1250 Reports</b>	Calculate gain or loss amounts for sales of 1245 or 1250 property held longer than the capital gain threshold
<b>Retired Assets without Property Classes</b>	Shows retired assets without a 1245 or 1250 property class
<b>Retired Assets without Retirement Type</b>	Shows retired assets to which you did not assign retirement types

ORACLE

## Depreciation Adjustment Reports

### Depreciation Adjustment Reports

<b>Adjusted Form 4562: Depreciation and Amortization Report</b>	Includes the effects of any tax reserve adjustments you made for the fiscal year you specify
<b>Adjusted Form 4626: AMT Detail and Summary Reports</b>	See the effects of reserve adjustments of the period you select if you adjusted the accumulated depreciation for the fiscal year
<b>Mass Depreciation Adjustment Preview Report</b>	Shows you the effect the adjustment you specified will have on the year-to-date depreciation for assets in your adjusted tax book
<b>Mass Depreciation Adjustment Review Report</b>	Review the effect of a mass depreciation adjustment after you run it

ORACLE

### Summary

**Upon completing this module, you should now be able to:**

- **Discuss the key options and decisions required when creating a tax asset book**
- **Add assets into a tax asset book using the Initial Mass Copy function**
- **Add assets into a tax asset book using the Periodic Mass Copy function**
- **Manually add assets to a tax asset book**

ORACLE

### Summary

- **Discuss populating tax reserves when adding assets to the tax asset book**
- **Explain how you can use Asset Management to calculate deferred depreciation and future deferred income tax liability**
- **Explain how Asset Management handles tax credits**

ORACLE