

Federal Income Tax Accounting Methods

In today's unique economic times, companies are interested in utilizing immediate means of conserving cash through multiple types of tax planning. Ryan's federal income tax team is focused on assisting companies with tax planning, utilizing tax accounting methods that govern temporary items, which in turn govern income recognition, expense timing, tax inventory accounting, and depreciation/amortization of expenses.

The enhanced tax position can often be maintained indefinitely if levels remain constant or increase over time. Depending upon the timing, this type of planning can reduce estimated tax payment requirements. There are currently more than 240 automatic changes that can be made up until the filing of the tax return for the year of change (including extensions). Tax accounting methods can also be used for the following:

- Reverse planning to defer deductions and accelerate income, which a taxpayer may wish to do if they are in an excess credit position with expiring credits. Deferring deductions to a higher tax rate year and accelerating income to a lower tax rate year would provide a permanent benefit based on the tax rate differential.
- Impacting earnings and profit (E&P) calculations for Controlled Foreign Corporations (CFCs).
- Carrying back losses for five years because of the introduction of the CARES Act. If losses can be carried back to the years before tax reform, there is a permanent benefit of carrying back low tax losses to high tax years.

The Ryan Advantage

Ryan's Federal Income Tax practice is comprised of the most experienced tax professionals in the industry dedicated to helping companies minimize their federal income tax burden and achieve optimal financial results. Our proven approach is focused on assisting clients in balancing their daily operations with the ever-changing tax laws, regulations, and increased regulatory scrutiny. Our solutions allow for the effective management of federal income tax liabilities. Ryan's performance-based fee model provides for a no-cost review of tax accounting method changes that may be applicable to a taxpayer.

