



## 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.

© 2021 Ryan, LLC. All rights reserved. In North America, Ryan, LLC; Ryan Tax Compliance Services LLC; Ryan Tax Compliance Services, ULC; and Ryan ULC provide clients with tax consulting, recovery, compliance, advocacy, technology, and other client-related professional services. Ryan, LLC is a member firm of Ryan International, a Swiss Verein. Ryan ULC; Ryan Tax Compliance Services LLC; and Ryan Tax Compliance Services, ULC are constituent entities of Ryan International, a Swiss Verein. Ryan International is a Swiss Verein whose member firms and constituent entities form a leading network of tax advisory and consulting firms, each of which may be licensed to use the name "Ryan" in connection with providing tax advisory and consulting services to its clients. The member firms of Ryan International and their constituent entities operate throughout North America, Europe, and in Australia, in a cacrodance with local regulatory requirements but are not a part of a single international partnership. The responsibility for the provision of services to a client is defined in the terms of engagement between the client and the applicable member firm or constituent entity. Neither Ryan International nor any member firm or constituent entity of Ryan International is liable or responsible for the professional services performed by any other member firm or constituent entity. Ryan International unbrella entity organized as a Verein under Swiss law. Not all member firms and constituent entities provide the full range of services mentioned in this brochure. "Ryan" and "Firm" refer to the global organizational network and may refer to one or more of the member firms of Ryan International, each of which is a separate legal entity.

For additional information **1.855.RYAN.TAX** 

ryan.com