

(d) Costs related to property held for future use;

(e) Donations for charitable, social or community welfare purposes;

(f) Losses on reacquired and retired or resold debt securities of the air carrier;

(g) Losses resulting from troubled debt restructurings;

(h) Losses on uncollectible nonoperating receivables; or

(i) Accruals to allowance for uncollectible nonoperating receivables.

(Secs. 204, 404, 407, and 1002 of the Federal Aviation Act of 1958, as amended, 72 Stat. 743, 760, 766, 788, (49 U.S.C. 1324, 1374, 1377, 1482))

[ER-980, 42 FR 38, Jan. 3, 1977, as amended by ER-1013, 42 FR 37516, July 21, 1977; ER-1027, 42 FR 60128, Nov. 25, 1977; ER-1076, 43 FR 46296, Oct. 6, 1978; ER-1401, 50 FR 245, Jan. 3, 1985; Amdt. 241-58, 54 FR 5596, Feb. 6, 1989]

### **Section 15 Objective Classification— Income Taxes for Current Period**

#### **91 Provision for Income Taxes.**

(a) Record here quarterly provisions for accruals of Federal, State, local, and foreign taxes based upon net income, computed at the normal tax and surtax rates in effect during the current accounting year. In general, this account shall reflect provisions within each period for currently accruing tax liabilities as actually or constructively computed on tax returns, and any subsequent adjustments. This account shall include credits for refund claims arising from the carryback of losses in the year in which the loss occurs, credits for the carry-forward of losses in the year to which the loss is carried, and investment tax credits in the year in which each credit is utilized to reduce the liability for income taxes.

(b) Income taxes shall be allocated among the transport entities of the air carrier, its nontransport divisions, and members of an affiliated group. Under circumstances in which income taxes are determined on a consolidated basis by an air carrier and other members of an affiliated group, the income tax expense to be recorded by the air carrier shall be the same as would result if determined for the air carrier separately for all time periods, except that the tax effect of carryback and carryforward operating losses, investment tax credits, or other tax credits generated by operations of the air carrier shall be re-

corded by the air carrier during the period in which applied in settlement of the taxes otherwise attributable to any member, or combination of members, of the affiliated group. Any difference between the income tax so recorded and the amount at which settlement is to be made shall be recorded in subaccount 88.1 Intercompany Transaction Adjustment—Credit or in subaccount 89.1 Intercompany Transaction Adjustment—Debit, as is appropriate.

(c) This account shall be subdivided as follows by all carrier groups:

##### *91.1 Income Taxes Before Investment Tax Credits.*

Record here accruals of income taxes based upon taxable income of the period.

##### *91.2 Investment Tax Credits Utilized.*

Record here investment tax credits utilized to reduce the accrued liability for income taxes.

[Amdt. 241-58, 54 FR 5596, Feb. 6, 1989]

#### **92 Provisions for Deferred Income Taxes.**

(a) Record here income tax debits and credits deferred in accordance with the provisions of balance sheet account 2340 Deferred Income Taxes for all material timing differences.

(b) This account shall be subdivided as follows by all air carrier groups:

##### *92.1 Current Provisions for Deferred Taxes.*

##### *92.2 Application of Taxes Deferred.*

##### *92.3 Adjustments of Deferred Taxes.*

[ER-948, 41 FR 12296, Mar. 25, 1976]

#### **93 Investment Tax Credits Deferred and Amortized.**

(a) Record here investment tax credits of the current period which are transferred to balance sheet account 2345 Deferred Investment Tax Credits in accordance with the provisions of balance sheet account 2130 Accrued Taxes. This account shall also include amounts for previously deferred investment tax credits amortized during the current period.

(b) This account shall be subdivided as follows by all carrier groups:

## Section 16

93.1 *Investment Tax Credits Deferred.*

93.2 *Amortization of Deferred Investment Tax Credits.*

[ER-755, 37 FR 19726, Sept. 21, 1972, as amended by ER-980, 42 FR 39, Jan. 3, 1977]

### Section 16 Objective Classification— Discontinued Operations

#### 95 Discontinued Operations.

(a) Record here the earnings (losses) of discontinued nontransport operations. For the purposes of this system of accounts and reports discontinued operations shall refer to the disposal of investor controlled companies and nontransport ventures whether sold, abandoned, spun off, or otherwise disposed of. This account shall not include earnings or losses from discontinued transport or transport-related operations.

(b) This account shall be subdivided as follows by all air carrier groups:

95.1 *Income from Discontinued Operations.*

Record here the results of operations of the discontinued operations.

95.2 *Loss of Disposal of Discontinued Operations.*

Record here the gain or loss on the disposal of an operation. If loss is anticipated it should be provided for at the measurement date. If gain is anticipated it should be recognized when realized.

[ER-948, 41 FR 12296, Mar. 25, 1976]

### Section 17 Objective Classification— Extraordinary Items

#### 96 Extraordinary Items.

Record here material items characterized by their unusual nature and infrequent occurrence. Events or transactions which are material and either unusual or nonrecurring, but not both, shall be recorded in the profit and loss accounts to which they relate and disclosed on BTS Form 41 Schedule P-2 with identification as to their nature and financial effects.

[Amdt. 241-58, 54 FR 5596, Feb. 6, 1989, as amended at 60 FR 66723, Dec. 26, 1995]

### 97 Income Taxes Applicable to Extraordinary Items.

Record here income taxes allocable to items of income included in profit and loss account 96 Extraordinary

## 14 CFR Ch. II (1-1-10 Edition)

Items and income tax assessments that do not constitute ordinary adjustments of a recurrent nature. Records supporting entries to this account shall be maintained with sufficient particularity to identify the nature and gross amount of each extraordinary credit and each extraordinary debit.

[ER-948, 41 FR 12296, Mar. 25, 1976]

### Section 18 Objective Classification— Cumulative Effect of Changes in Accounting Principles

#### 98 Cumulative Effect of Changes in Accounting Principles.

Record here the difference between the amount of retained earnings at the beginning of the period of a change in accounting principle and the amount of retained earnings that would have been reported at that date if the new accounting principle had been applied retroactively for all periods which would have been affected and by recognizing only the direct effects of a change and the related income tax effect.

[ER-948, 41 FR 12296, Mar. 25, 1976]

## OPERATING STATISTICS CLASSIFICATIONS

### Section 19 Uniform Classification of Operating Statistics

#### Sec. 19-1 Applicability.

(a) *United States air carrier.* Each large certificated U.S. air carrier shall file with the Department, on a monthly basis, Form 41 Schedule T-100 "U.S. Air Carrier Traffic and Capacity Data By Nonstop Segment and On-flight Market," and summary data as prescribed in this section and in sections 22 and 25 of this part.

(b) *Foreign (non-U.S.) air carrier:* Each foreign air carrier as required by part 217 of this chapter shall file Form 41 Schedule T-100(f) "Foreign Air Carrier Traffic Data by Nonstop Segment and On-flight Market." The "Instructions to Foreign Air Carriers for Reporting Traffic Data on Form 41 Schedule T-100(f)," (Instructions-Foreign Air Carriers) are included in the Appendix to §217.10 of this chapter.