

§ 367.2830

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(b) This account must be credited and accounts 410.1, Provision for deferred income taxes, operating income (§367.4101), or 410.2, Provision for deferred income taxes, Other income and deductions (§367.4102), as appropriate, must be debited with tax effects related to property described in paragraph (a) of this section where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

(c) This account must be debited, and accounts 411.1, Provision for deferred income taxes—Credit, operating income (§367.4111), or 411.2, Provision for deferred income taxes—Credit, other income and deductions (§367.4112), as appropriate, must be credited with tax effects related to property described in paragraph (a) of this section where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

(d) The service company is restricted in its use of this account to the purposes described in paragraphs (a) through (c) of this section. It must not transfer the balance in this account or any related portion to retained earnings or make any other use of the balance except as provided in paragraph (a) through (c) of this section without prior approval of the Commission. Upon the disposition by sale, exchange, transfer, abandonment or premature retirement of property on which there is a related balance, this account must be charged with an amount equal to the related income tax expense, if any, arising from the disposition and accounts 411.1, Income taxes deferred in prior years—Credit, operating income (§367.4111), or 411.2, Income taxes deferred in prior years—Credit, other income and deductions (§367.4112), must be credited. When property is disposed of by transfer to a wholly-owned subsidiary, the related balance in this account also must be transferred. When the disposition relates to retirement of

an item or items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in this account if it can be determined that the related balance must be retained to offset future group item tax deficiencies.

§ 367.2830 Account 283, Accumulated deferred income taxes—Other.

(a) This account must include all credit tax deferrals resulting from the adoption of the principles of comprehensive inter-period income tax allocation described in the General Instructions in §367.17 other than those deferrals that are includible in account 282, Accumulated deferred income taxes—Other property (§367.2820).

(b) This account must be credited, and accounts 410.1 Provision for deferred income taxes, operating income (§367.4101), or 410.2 Provision for deferred income taxes, other income and deductions (§367.4102), as appropriate, must be debited with tax effects related to items described in paragraph (a) of this section where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

(c) This account must be debited, and accounts 411.1, Provision for deferred income taxes-Credit, operating income (§367.4111), or 411.2, Provision for deferred income taxes-Credit, other income and deductions (§367.4112), as appropriate, must be credited with tax effects related to items described in paragraph (a) of this account where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

(d) Records with respect to entries to this account, as described in paragraphs (a) through (c) of this section, and the account balance, must be maintained so as to show the factors of calculation with respect to each annual amount of the item or class of items.

(e) The service company is restricted in its use of this account to the purposes described in paragraphs (a) through (c) of this section. It must not transfer the balance in the account or any portion of the account to retained earnings or to any other account or make any use of the account except as provided in the text of this account, without prior approval of the Commission. Upon the disposition by sale, exchange, transfer, abandonment or premature retirement of items on which there is a related balance herein, this account must be charged with an amount equal to the related income tax effect, if any, arising from the disposition and accounts 411.1, Provision for deferred income taxes—Credit, operating income (§367.4111), or 411.2, Provision for deferred income taxes—Credit, other income and deductions (§367.4112), as appropriate, must be credited.

(f) When property is disposed of by transfer to a wholly-owned subsidiary, the related balance in this account also must be transferred. When the disposition relates to retirement of an item or items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in this account if it can be determined that the related balance must be retained to offset future group item tax deficiencies.

Subpart G—Service Company Property Chart of Accounts

§ 367.3010 Account 301, Organization.

(a) This account must include all fees paid to federal or state governments for the privilege of incorporation and expenditures incident to organizing the corporation, partnership, or other enterprise and putting it into readiness to do business.

(b) This account must include the following items:

(1) Cost of obtaining certificates authorizing the service company to engage in its business.

(2) Fees and expenses for incorporation.

(3) Fees and expenses for mergers or consolidations.

(4) Office expenses incident to organizing the service company.

(5) Stock and minute books and corporate seal.

(c) This account must not include any discounts upon securities issued or assumed; nor may it include any costs incident to negotiating loans, selling bonds or other evidences of debt or expenses in connection with the authorization, issuance or sale of capital stock.

(d) Exclude from this account and include in the appropriate expense account, the cost of preparing and filing papers in connection with the extension of the term of incorporation unless the first organization costs have been written off. When charges are made to this account for expenses incurred in mergers, consolidations, or reorganizations, amounts previously included in this account or in similar accounts in the books of the companies concerned must be excluded from this account.

§ 367.3030 Account 303, Miscellaneous intangible property.

(a) This account must include the cost of patent rights, licenses, privileges, and other intangible property necessary or valuable in the conduct of service company operations and not specifically chargeable to any other account.

(b) When any item included in this account is retired or expires, the related book cost must be credited to this account and charged to account 426.5, Other deductions (§367.4265), or account 111, Accumulated provision for amortization of property (§367.1110).

(c) This account must be maintained in a manner so that the service company can furnish full information with respect to the amounts included in this account.

§ 367.3060 Account 306, Leasehold improvements.

This account must include all costs incurred by the service company in improvements of, remodeling of, or installation of additional facilities in rented offices or buildings to suit tenant's needs, placed in service prior to January 1, 2008.