



Accounting for Income Taxes Bulletin

October 2025

About this publication

This publication is issued by the KPMG Accounting for Income Taxes group in Washington National Tax (WNT) to highlight developments and other items of interest to professionals involved with accounting for income taxes matters. See web version and previous editions here, and subscribe to receive future publications here.

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Featured items

Accounting for H.R. 1, the budget reconciliation bill known as the One Big Beautiful Bill

In a new KPMG [Hot Topic](#), the KPMG Department of Professional Practice (DPP) and the WNT Accounting for Income Taxes group explore the key corporate income tax provisions of the new tax legislation and the related accounting for income taxes considerations, including the impacts, if any, to the determination of current and deferred taxes, valuation allowances, interim period calculations, and disclosures, among other topics.

Further, the WNT Accounting for Income Taxes group issued a [KPMG Report](#) evaluating the accounting policy elections an entity may consider as a result of enactment of One Big Beautiful Bill (OB BB). The report delves into considerations for accounting policy elections in assessing the need for a valuation allowance for the effects of the corporate alternative minimum tax and section 163(j) carryforwards, determining interim period income taxes implications, and applying changes to the tax year of specified foreign corporations. The report highlights various scenarios, examines the impacts of existing policies, and explores available accounting policies to assist organizations in making informed decisions. Additionally, a [podcast](#) is available discussing some of the accounting for income taxes considerations of OB BB.

Additionally, KPMG issued [guidance](#) on accounting for the OB BB under IFRS[®] Accounting Standards, which includes the impact on current and deferred taxes, the realizability of deferred tax assets, interim reporting and disclosures, among other considerations. Further, a [KPMG webcast](#) is available for playback for further discussion of the accounting considerations under IFRS Accounting Standards; however, continuing professional education (CPE) credit is not available for the playback.

Getting ready to adopt Accounting Standards Update 2023-09, *Improvements to income tax disclosures*

KPMG updated its [Hot Topic: Income tax disclosures](#) (August 2025) to provide insight into implementing [Accounting Standards Update \(ASU\) 2023-09](#) and identify the many moving parts in disaggregating income tax disclosures. In this edition, guidance is provided on implementation next steps as well as new and updated observations based on questions encountered in practice as entities continue to evaluate the impact of adoption.

A [KPMG webcast](#) is available for playback with further discussion on implementing ASU 2023-09, with a focus on the disaggregated rate reconciliation; however, CPE credit is not available for the playback.

New and updated KPMG Handbooks

DPP released a new KPMG Handbook, [Contingencies, commitments and guarantees](#), which is intended to assist professionals in accounting for uncertainties in areas other than income taxes, including those for non-income-based taxes.

See the [KPMG Handbooks page](#) for all available handbooks.

Additionally, the KPMG International Standards Group (ISG) released the 22nd edition of [Insights into IFRS](#), which has been updated for newly effective requirements of IFRS Accounting Standards, including new guidance on Pillar Two income taxes.

Updates on accounting matters

Income taxes: IFRS[®] Accounting Standards versus U.S. GAAP

The IFRS Institute has reissued its [article](#) outlining the top 10 differences between IAS 12 and ASC 740. With recent changes from OBBB, Pillar Two, and new U.S. GAAP disclosure requirements, income taxes are back in focus. This article highlights the top 10 differences with an emphasis on the most impactful and complex areas of accounting for income taxes.

Amendment to IFRS 19 – Pillar Two disclosures

On August 21, 2025, the International Accounting Standards Board (IASB) issued amendments to [IFRS 19 Subsidiaries without Public Accountability: Disclosures](#) which reduce the disclosure burden for eligible subsidiaries by removing specific disclosure requirements for standards and amendments issued between February 2021 and May 2024. Included in these amendments is the removal of the disclosure objective required by *International Tax Reform – Pillar Two Model Rules* (Amendments to IAS 12 Income Taxes) for eligible subsidiaries. The [disclosures](#) associated with the temporary exception to the recognition of deferred taxes and the amount of current tax expense related to Pillar Two income taxes remain required for all entities.

Guides to annual financial statements under IFRS Standards

KPMG ISG 2025 guides to annual financial statements issued under IFRS standards are now available. They comprise illustrative disclosures and a disclosure checklist. These updated guides reflect IFRS Accounting Standards in issue at August 31, 2025 that are required to be applied by a company with an annual reporting period beginning on January 1, 2025.

Refer to the [web article](#) for additional detail and information.

KPMG DPP Quarterly Outlook

The September 2025 [Quarterly Outlook](#) summarizes major accounting and financial reporting developments that may affect entities in the current period or in the near term.

Remember recent pronouncements

Professionals should be mindful of certain recently updated U.S. GAAP standards, listed below by order of required application.

Updated standard	Brief description of standard	Public business entities' effective date	Other entities' effective date
ASU 2023-02, Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method	Permits reporting entities to elect to account for tax equity investments, regardless of the program from which the income tax credits are received, using the proportional amortization method if certain conditions are met	Fiscal years beginning after December 15, 2023 and interim periods within those fiscal years	Fiscal years beginning after December 15, 2024 including interim periods within those fiscal years
ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures	Requires certain annual disclosures about income taxes, primarily related to the rate reconciliation and income taxes paid information, as well as certain	Annual periods beginning after December 15, 2024	Annual periods beginning after December 15, 2025

	other amendments to improve the effectiveness of income tax disclosures		
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See the KPMG Financial Reporting View (FRV) [ASU effective dates page](#) for a full list of recently issued ASUs. Additionally, see the FRV summary of new and revised [insurance statutory accounting standards](#) for 2025 and 2026 financial reporting by insurers.

Professionals should be mindful of the recently updated IFRS Accounting Standards.

Updated standard	Brief description of standard	Effective date
IFRS 18 Presentation and Disclosure in Financial Statements	Includes guidance on allocating income tax effects to non-GAAP management performance measures (MPMs) and requires foreign exchange differences on foreign currency denominated assets and liabilities arising from income taxes to be included in the income taxes category	Annual reporting periods beginning on or after January 1, 2027, with retrospective application and early adoption permitted
IFRS 19 Subsidiaries without Public Accountability: Disclosures	Voluntary IFRS Accounting Standards with reduced disclosure burden for subsidiaries that do not have public accountability and whose parent produces consolidated financial statements that are available for public use under IFRS Accounting Standards	An entity may elect to apply the standard for reporting periods beginning on or after January 1, 2027, with early adoption permitted

On the horizon

Financial Accounting Standards Board codification improvements

On July 23, 2025, the Financial Accounting Standards Board (FASB) discussed feedback received and issued [tentative decisions](#) on 32 issues as part of its Codification Improvements (Evergreen) project that provides targeted improvements

addressing technical corrections, unintended Codification applications, clarifications, and minor enhancements. Included in the tentative decisions are items aligning intraperiod tax allocation guidance within separate sections of ASC 740 and updating real estate guidance to reference the use of the proportional amortization method to investments made primarily for the purpose of receiving income tax credits and other income tax benefits. The Board decided that the amendments will be effective for all entities for annual reporting periods beginning after December 15, 2026. Early adoption is permitted for both interim and annual financial statements that have not yet been issued and may generally be applied either on a retrospective or prospective basis. The Board directed the staff to draft a final ASU for vote by written ballot, which is expected to be issued in the fourth quarter of 2025.

FASB projects

Accounting for government grants

On November 19, 2024, the FASB released a [proposed ASU](#) regarding accounting for government grants by business entities. Under the proposed ASU, a government grant would be recognized when it is probable that the business entity will comply with the grant conditions and receive the grant. The ASU would apply to all business entities that receive a government grant; however, it would not apply to transactions within the scope of ASC 740. Under the proposal, entities may elect either a prospective or retrospective transition approach. During its June 25, 2025 meeting, the Board directed the staff to draft a final ASU for vote by written ballot, which is expected to be issued in the fourth quarter of 2025.

See the KPMG [Defining Issues](#) article for additional discussion on the proposed ASU.

Insurance statutory accounting proposal to revise SSAP No. 101

During the [summer meeting](#) of the National Association of Insurance Commissioners, the Statutory Accounting Principles Working Group issued an Exposure Draft to revise SSAP No. 101 by adopting components of ASU 2019-12 that simplifies accounting for income taxes. The proposed revisions align statutory guidance with the U.S. GAAP requirement to estimate the effective annual tax rate at each interim period based on the best available data, excluding the tax effects of significant unusual or extraordinary items. Further, the guidance proposes to recognize the tax effects of losses arising in the early portion of a fiscal year only when the tax benefits are expected to be realized during the year or as a deferred tax asset at the end of the year (taking into account changes in valuation allowances and tax law effects in the period they occur, and recognizing new legislation only after enactment).

Comments on the proposals are due October 17, 2025.

IASB projects

Exposure Draft proposes deferred taxes within equity method investments under IFRS Accounting Standards

In September 2024, the IASB published an [Exposure Draft Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures \(revised 202x\)](#), which includes proposed amendments to help companies report on such investments applying the equity method. The amendments propose that an investor would account for and include in the carrying amount of its investment in an associate, a deferred tax asset (liability) arising from recognising its share of an associate's net identifiable assets and liabilities at fair value. At the June IASB meeting, the Board decided to keep the project's objectives unchanged and proceed in redeliberating the proposals in the Exposure Draft. The Board intends to decide on the project's direction during the fourth quarter of 2025.

Exposure Draft impacting IFRS Interpretations Committee Interpretation 21 application requirements

The IASB published an [Exposure Draft Provisions – Targeted Improvements](#) on November 12, 2024, which proposes amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The Exposure Draft addresses apparent contradictions within the principles in IAS 37 for identifying liabilities, which have resulted in inconsistent and, sometimes, unsatisfactory application requirements. The Exposure Draft would replace the requirements supporting the present obligation recognition criterion with new requirements based on concepts in the Conceptual Framework for Financial Reporting and then withdraw IFRIC 21, *Levies*.

Comments were due on March 12, 2025. See the KPMG IFRG Limited [comment letter](#) for additional insights on the project. The Board intends to decide on the project's direction during the fourth quarter of 2025.

Tentative Agenda Decision and comment letters: Updates to Committee's agenda decisions for IFRS 18

The IFRS Interpretations Committee (IFRIC) discussed and [tentatively decided](#) to propose certain updates to ten agenda decisions as a result of new or amended requirements in IFRS 18 *Presentation and Disclosure in Financial Statements* during its meeting on June 25, 2025. During this meeting the Committee considered two items related to taxes. The first item was a request the Committee received seeking clarification of whether production-based royalty payments payable to one taxing authority that are claimed as an allowance against taxable profit for the computation of income taxes payable to another taxing authority should be presented as an operating expense or a tax expense in the statement of comprehensive income. The second item was a request the committee received for guidance on whether a tax based on tonnage capacity can be considered an income tax in accordance with IAS 12. In both cases, the IFRIC decided to update the agenda decisions with references to the new or amended requirements in IFRS 18. Comments are due October 6, 2025. Hear more about the agenda decisions from [KPMG Global Corporate Reporting Institute](#).

Other items of interest

Tariff-related disclosures

DPP has updated its [web article](#) highlighting how SEC registrants are increasingly providing investors with more detailed, quantified, and operationally focused quarterly disclosures regarding tariff and trade policy impacts within recent Form 10-Q filings.

35th Annual Accounting & Financial Reporting Symposium

KPMG's premier conference covering accounting and financial reporting hot topics for financial executives will be held December 3 and 4 in Las Vegas, Nevada. [Register now](#) to experience two days of learning and networking at the iconic Caesars Palace. Discover the latest developments and innovative ideas to help you navigate the rapidly evolving business environment.

KPMG Learning – Executive Education

KPMG offers CPE eligible curriculum covering current and emerging technical accounting topics, including accounting for income taxes, to build skills and confidence in a variety of areas of accounting.

View the catalog of KPMG digital [self-studies](#).

Resources

- [KPMG Handbook: Accounting for income taxes](#)
- [KPMG Handbook: Tax credits](#)
- [Financial Reporting View](#)
- [TaxNewsFlash](#)
- [Chief Tax Officer Insights](#)
- [Insights into IFRS®](#)
- [KPMG Handbook: IFRS® compared to US GAAP](#)

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