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By PwC Deutschland | 06. Dezember 2011

No provision for set off of excess receipts against future income

The finance ministry has decreed that an obligation to set past overcharges against future income cannot be accrued with tax effect.

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The finance ministry has decreed that an agreement, or legal obligation, to set overcharges from the past against future amounts due is an obligation within the context of an uncompleted transaction. As such, it cannot be taken up with tax effect as a liability. It is also not deferred income, as it does not meet the definition of payments received in advance of future income. It merely reduces future income when earned. This contrasts with an agreement to refund the overcharge. That obligation is to be taken up as a liability when the agreement is reached, regardless of whether or not the business relationship with the customer continues.

Schlagwörter

future income, overcharges