Unit 4 — Tax Accounting vs GAAP



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Accrual basis accounting

the method, of accounting, in which income and expenditure, are recorded at the date they are earned

"From the accounting point of view, it doesn't matter when you actually receive the payment as I am using accrual basis accounting so I have already accounted for the invoice."

Be consistent with

in agreement with, in accordance with

"Whichever method you use when accounting for tax, it is important to be consistent with the regulations in that method."

Depreciation

the method of allocating the cost of an asset over its useful life

"The depreciation of the new machine will happen over 12 years."

Thank you for your interest!

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