1) Which one is false?

a) corporate income tax is an expense, not a distribution of the profits to the government

b) non taxable revenue causes permanent differences between pretax accounting income and taxable income

c) In general, temporary differences are resulted from timing difference between GAAP and tax regulations

d) Non-tax-deductible expense causes the temporary difference

2) Which one is false?

a) Current GAAP requires the deferred method

b) An NOL (net operating loss) occurs when taxable revenues and gains are less than total tax deductions

c) the asset/liability method of income tax allocation is balance sheet oriented

3) Which one is false?

a) company should report changes in the deferred tax asset and liability accounts as footnotes in 10-k

b) company does not have to report tax carrybacks and carry forwards in 10-k

c) Tax accounting is related to the quality of earnings

d) Tax accounting is related to the ability to assess future cash flows

4) Please briefly discuss the changes made in SFAS 158 and SFAS 132 (revised in 2003) compared with SFAS 87.