Type of Issue:	Common Area
Issued:	Initial Draft; Substantively Revised – November 24, 2009
Effective Date:	January 1, 2001; Substantive revisions to paragraphs 10, 11, 18, 31 and 32 effective for annual periods ending December 31, 2009, and interim and annual periods of 2010 and 2011. This statement (SSAP No. 10R) shall not be applied or considered effective for interim and annual periods subsequent to 2011. See paragraph 31 of this statement.
Affects:	Temporarily replaces SSAP No. 10
Affected by:	Superseded by SSAP No. 101
Interpreted by:	INT 99-00, INT 01-18, INT 04-17, INT 06-12
Nullified INTs:	INT 00-21, INT 00-22, INT 01-19, INT 01-20

a. Temporary differences are identified and measured using a “balance sheet” approach whereby statutory and tax basis balance sheets are compared;

b. Temporary differences include unrealized gains and losses and nonadmitted assets but do not include asset valuation reserve (AVR), interest maintenance reserve (IMR), Schedule F penalties and, in the case of a mortgage guaranty insurer, amounts attributable to its statutory contingency reserve to the extent that “tax and loss” bonds have been purchased;

c. Total DTAs and DTLs are computed using enacted tax rates; and

d. A DTL is not recognized for amounts described in paragraph 31 of FAS 109.

e. Reduce gross DTAs by a statutory valuation allowance adjustment if, based on the weight of available evidence, it is more likely than not (a likelihood of more than 50 percent) that some portion or all of the gross DTAs will not be realized. The statutory valuation allowance adjustment[1], determined in a manner consistent with paragraphs 20- 25 of FAS 109[2], shall reduce the gross DTAs to the amount that is more likely than not to be realized (the adjusted gross deferred tax assets).

7. Changes in DTAs and DTLs, including changes attributable to changes in tax rates and changes in tax status, if any, shall be recognized as a separate component of gains and losses in unassigned funds (surplus). Admitted adjusted gross DTAs and DTLs shall be offset and presented as a single amount on the statement of financial position.

8. Current income tax recoverables shall include all current income taxes, including interest, reasonably expected to be recovered in a subsequent accounting period, whether or not a return or claim has been filed with the taxing authorities. Current income tax recoverables are reasonably expected to be recovered if the refund is attributable to overpayment of estimated tax payments, errors, carrybacks, as defined in paragraph 289 of FAS 109, or items for which the reporting entity has substantial authority, as that term is defined in Federal Income Tax Regulations.

9. Current income tax recoverables meet the definition of assets as specified in *SSAP No. 4—Assets and Nonadmitted Assets* and are admitted assets to the extent they conform to the requirements of this statement.

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[1] The statutory valuation allowance adjustment is utilized strictly to calculate the “adjusted gross DTA”. (Admittance criteria in paragraph 10 are applied to the “adjusted gross DTA”.) The application of the statutory valuation allowance adjustment in SSAP No. 10R shall not result in a statutory valuation allowance reserve within the statutory financial statements.

[2] For purposes of determining the amount of adjusted gross DTAs and the amount admitted under paragraph 10, the admission calculation shall be made on a separate company, reporting entity basis. A reporting entity that files a consolidated federal income tax return with its parent should look to the amount of taxes it paid (or were allocated to it) as a separate legal entity in determining the admitted DTA under paragraphs 10.a. and 10.e.i. Furthermore, the DTA under these paragraphs may not exceed the amount that the reporting entity could reasonably expect to have refunded by its

10. Adjusted gross DTAs shall be admitted in an amount equal to the sum of paragraphs 10.a., 10.b., and 10.c., or the amount determined in paragraphs 10.d. and 10.e.:

a.

(a) The amount of adjusted gross DTAs, after the application of paragraph 10.e.i., expected to be realized within three years of the balance sheet date; or

(b) Fifteen percent of statutory capital and surplus as required to be shown on the statutory balance sheet of the reporting entity for its most recently filed statement with the domiciliary state commissioner adjusted to exclude any net DTAs, EDP equipment and operating system software and any net positive goodwill; and

iii. The amount of adjusted gross DTAs, after application of paragraphs 10.e.i. and 10.e.ii., that can be offset against existing gross DTLs. An entity must consider the character (i.e., ordinary versus capital) of the DTAs and DTLs such that offsetting would be permitted in the tax return under existing enacted federal income tax laws and regulations.

f. The increased amount (admitted adjusted gross DTA calculated from 10.e. less the sum of admitted adjusted gross DTA calculated from 10.a., 10.b., and 10.c.) of admitted assets and statutory surplus resulting from the use, if applicable, of paragraph 10.e. to calculate admitted adjusted gross DTAs:

i. Shall be separately reported in the *Aggregate write-ins for gains and losses in surplus* line of the Summary of Operations, Statement of Income or Statement of Revenue, as applicable.

ii. Shall be separately reported in the *Aggregate write-in for special surplus funds* line of Liabilities, Surplus and Other Funds; Liabilities, Capital and Surplus or Liabilities and Surplus, as applicable.

11. In computing a reporting entity's admitted adjusted gross DTA pursuant to paragraph 10;

a. Existing temporary differences that reverse by the end of the subsequent calendar year, within three years or during a timeframe corresponding with IRS tax loss carryback provisions, not to exceed three years, shall be determined in accordance with paragraphs 228 and 229 of FAS 109;

b. In determining the amount of federal income taxes that can be recovered through loss carrybacks, the amount and character (i.e., ordinary versus capital) of the loss carrybacks and the impact, if any, of the Alternative Minimum Tax shall be determined in accordance with the provisions of the Internal Revenue Code, and regulations thereunder;

c. The amount of carryback potential that may be considered in calculating the admitted adjusted gross DTAs of a reporting entity in subparagraph 10.a. or 10.e.i. above, that files a consolidated income tax return with one or more affiliates, may not exceed the amount that the reporting entity could reasonably expect to have refunded by its parent; and

18. The components of the net DTA or DTL recognized in a reporting entity's financial statements shall be disclosed as follows:

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- Issue Paper No. 83—Accounting for Income Taxes