

**Title:** The Impact of International Financial Reporting Standards on Taxation

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**Abstract:** Accounting is shaped by economic and political forces. It follows that increased worldwide integration of both markets and politics (driven by reductions in communications and information processing costs) makes increased integration of financial reporting standards almost inevitable. The connection between tax and accounting is a complex topic with many dimensions. One explanation for this is change within accounting on the international level. This creates a challenge for tax law and a need to revisit the theoretical and practical foundations for the use of accounting as a starting point for taxation of companies. International Financial Reporting Standards (IFRS) is a standard format for financial reporting that is gaining momentum worldwide and is a single consistent accounting framework and is likely to become predominant Generally Accepted Accounting Practice (GAAP) in times to come. The aim of this study is to research International literature to gain an insight into the basis and forms of divergence between accounting transactions and taxation accounting in relation to International Financial Reporting Standards.