

# Profit Reconciliation Statement

For the year ended 31st March 2024

[Sample Service Industry Entity]

Description	Amount (â,¹)
Net Profit as per Financial Accounts	450,000
<b>Add: Items debited in accounts but not allowable for tax</b>	
Depreciation as per books	25,000
Entertainment expenses	10,000
Provision for doubtful debts	12,000
<b>Total Additions (A)</b>	<b>47,000</b>
<b>Less: Items credited in accounts but not chargeable to tax</b>	
Interest on government securities (exempted)	4,000
Profit on sale of fixed assets	7,000
<b>Total Deductions (B)</b>	<b>11,000</b>
<b>Add: Items allowable for tax but not debited in accounts</b>	
Depreciation as per Income Tax Act	18,000
<b>Total Adjustments (C)</b>	<b>18,000</b>
<b>Net Profit as per Taxation</b>	<b>504,000</b>

## Important Notes:

- This document reconciles accounting profit with taxable profit for service industry entities.
- Ensure all non-cash and non-allowable expenses are accurately adjusted.
- Supporting schedules should be attached for each adjustment.
- The final reconciled profit is crucial for tax computation and statutory compliance.
- Regular reconciliation helps identify accounting/tax discrepancies and ensures transparency.