Meeting summary

IFRS Foundation Trustees—Due Process Oversight Committee

Date **1 December 2022**
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This document reports on a meeting of the Trustees of the IFRS Foundation, the oversight body of the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB). The Trustees are responsible for governance of the IFRS Foundation and for delivery of the IFRS Foundation's objectives as set out in the IFRS Foundation *Constitution*.

Introduction

The IFRS Foundation Due Process Oversight Committee (DPOC) met on 1 December 2022 by video conference. The meeting was webcast live and a recording of the meeting is available on the IFRS Foundation website.

The main matters discussed were as follows.

Approval of shortened comment period for an exposure draft of proposed amendments to IAS 12 *Income taxes*

The DPOC was informed that the IASB, at its November 2022 meeting, had decided to publish an exposure draft of proposed narrow-scope amendments to IAS 12 Income Taxes. The amendment would introduce a temporary exception from the requirement to account for deferred taxes arising from the implementation of the OECD's Pillar Two model rules and some additional related disclosures. The exception would be mandatory to facilitate consistent accounting for such deferred taxes.

The IASB was requesting the DPOC's approval for a shortened comment period of 60 days for the exposure draft in accordance with paragraph 6.7 of the *Due Process Handbook*.

IASB representatives explained that the IASB had moved quickly and efficiently to address this matter and board and staff members had discussed it with stakeholders, including the OECD and representatives from the accounting firms. A shortened comment period was necessary in order to ensure that the amendments would be available for when entities would otherwise need to account for the deferred tax arising from the implementation of the Pillar Two model rules. Implementation of those rules by individual jurisdictions in their tax legislation is occurring quickly and IAS 12 would require entities to reflect the effects in their accounting once the legislation is substantively enacted. Nonetheless, the IASB had concluded that 60 days allowed sufficient time for stakeholders to consider and respond to the exposure draft in light of its narrow scope.

The DPOC approved the shortened comment period. It noted that the proposed temporary exception from the requirements of IAS 12 should assist in the timely application of jurisdictions' incorporation of the Pillar 2 rule and support consistent application of the accounting effects.

The DPOC also suggested the IASB consider specifying formally when the exception would be reviewed when finalising the proposed amendment.

Due process review of the Post-implementation Review of the Classification and Measurement requirements of IFRS 9 *Financial Instruments*

The DPOC received a briefing about the Post-implementation Review (PIR) of IFRS 9 Financial Instruments—Classification and Measurement in line with the requirement of paragraph 6.59 of the *Due Process Handbook*. The DPOC had also been provided with a draft of the Project Report and Feedback Statement for the PIR.

The briefing covered the objectives of the PIR; the process that the IASB had followed since the review commenced in October 2020 in accordance with the *Due Process Handbook*, which had included the publication of a Request for Information and extensive outreach; the IASB's evaluation of the feedback; and its final conclusions. The DPOC noted that the IASB had evaluated the feedback using the clarified description of the objective, process and outcome of a post-implementation review discussed with the DPOC at its meetings in May and June 2022.

The DPOC agreed, based on the materials and briefing provided, that the IASB had completed the PIR satisfactorily and that the Project Report and Feedback Statement could be finalised and published. The DPOC suggested that the final report:

- more clearly identify the items and related findings that were judged contentious during the development of the classification and measurement requirements;
- clarify that some lower priority items were being addressed in a forthcoming exposure draft along with the higher priority item to assist stakeholders by avoiding potential piecemeal standard-setting; and
- emphasise that the IASB will continue to monitor and evaluate any new evidence relating to the accounting for investments in equity instruments for which an entity has elected to present subsequent changes in fair value in other comprehensive income rather than profit or loss.