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International Accounting Standards Board  
30 Cannon Street, 1st Floor  
London EC4M 6XH  
United Kingdom

**Exposure Draft of a Proposed  
Amendment to IAS 19, Employee Benefits:  
The Asset Ceiling**

Dear Sir:

We, the Japanese Institute of Certified Public Accountants, are pleased to provide comments on the proposed amendment to IAS 19. We generally support the proposed amendment and agree to add paragraphs 58A and 58B of the proposed amendment to IAS 19 in order to cope with incomprehensible fluctuations in the asset ceiling as a result of the application of paragraph 58 of IAS 19; however, we have the following concerns and recommendations:

- (1) Although paragraph 58A (b) states net actual gains to the extent that they exceed any increase in the present value of the economic benefits specified in paragraph 58(b)(ii), the words “net actual gains” should be read as “net actuarial gains after the deduction of past service cost.”

Also, past service cost could become negative, for example, in a rare case that we have experienced recently in our country. We, therefore, recommend that the “Basis for Conclusions” of IAS 19 include a statement, “negative past service cost (i.e., gain) shall be a deduction from net actuarial losses or an addition to net actuarial gains for the purpose of applying paragraph 58A.”

- (2) As described in paragraph 78D of the proposed amendment, the Board concluded that limiting the asset that can be recognised in itself inconsistent with deferred recognition. The Board intends to undertake a comprehensive review of both aspects of the standard as part of a future convergence project to resolve this inconsistency. We expect that the future convergence project, reflecting opinions from each member country including Japan, will eliminate the inconsistency.
- (3) We agree that the limited changes outlined in the proposed amendment shall be effective immediately without any specific transitional provisions, from the viewpoint that the proposed amendment is designed to make only limited changes in order to rectify the existing imperfection of the standard.

Yours very truly,

Michiyoshi Sakamoto  
Chairman  
Technical Committee for IASBs