

IAS 19 *Employee Benefits* (March 2007)

Special wage tax

The IFRIC was asked to consider whether taxes related to defined benefits, for example taxes payable on contributions to a defined benefit plan or taxes payable on some other measure of the defined benefit, should be treated as part of the defined benefit obligation in accordance with IAS 19 *Employee Benefits*.

The IFRIC noted the following:

- Taxes paid by a defined benefit plan are included in the definition in IAS 19 of the return on plan assets.
- Income taxes paid by the entity are accounted for in accordance with IAS 12.
- The scope of IAS 19 is not restricted to benefits paid to employees. It includes some costs of employee benefits that are not paid to employees.
- A wide variety of taxes on pension costs could exist worldwide, each specific to its own jurisdiction, and it is a matter of judgement whether they are income taxes within the scope of IAS 12, costs of employee benefits within the scope of IAS 19, or other costs within the scope of IAS 37.

Given the variety of tax arrangements, the IFRIC believed that guidance beyond the above observations could not be developed in a reasonable period of time.

The IFRIC therefore decided not to take the issue onto its agenda.