

Mr Robert Garnett
Chairman
International Financial Reporting Interpretations Committee
30 Cannon Street
London
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Email: ifric@iasb.org

8 April 2009

Dear Mr Garnett,

Tentative agenda decision: IAS 12 *Income taxes*—Classification of tonnage taxes

Deloitte Touche Tohmatsu is pleased to respond to the IFRIC's publication in the March 2009 *IFRIC Update* of the tentative decision not to take onto the IFRIC's agenda a request for an Interpretation of IAS 12 *Income Taxes* with respect to providing guidance on classification of tonnage taxes.

We agree with the IFRIC's decision not to take this item onto its agenda. However, we suggest that the IFRIC clarifies the reasons for the rejection to make clear that tonnage tax does not meet the definition of income tax as it is not based on taxable profit, rather than because it is based on gross rather than net amount. Our suggested changes are highlighted below:

The IFRIC has previously noted that IAS 12 applies to income taxes, which are defined as taxes that are based on taxable profit ~~and that the term "taxable profit" implies a notion of a net rather than a gross amount.~~ Taxes either on tonnage transported or tonnage capacity are ~~based on gross rather than net amounts~~ not based on taxable profit. Consequently, the IFRIC noted that such taxes would not be considered to be income taxes in accordance with IAS 12 and would not be presented as part of tax expense in the statement of comprehensive income. However, the IFRIC also noted that, in accordance with paragraph 85 of IAS 1 *First-time Adoption of International Financial Reporting Standards Presentation of Financial Statements*, an entity subject to tonnage tax would present additional subtotals in that statement if that presentation is relevant to an understanding of its financial performance.

If you have any questions concerning our comments, please contact Ken Wild in London at +44 (0)20 7007 0907.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Ken Wild", written over a single horizontal line that extends to the left and right of the signature.

Ken Wild
Global IFRS Leader