

STAFF PAPER

January 2015

IFRS Interpretations Committee Meeting

Project	Items for continuing consideration
Paper topic	IAS 12 <i>Income Taxes</i> Impact of uncertainty when an entity recognises and measures a current tax liability or asset—Informal feedback from IASB members
CONTACT(S)	Akemi Miura amiura@ifrs.org +44 (0)20 7246 6930

This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the IFRS Interpretations Committee. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRS Interpretations Committee or the IASB can make such a determination. Decisions made by the IFRS Interpretations Committee are reported in IFRIC *Update*. The approval of a final Interpretation by the Board is reported in IASB *Update*.

Objective of the paper

1. We consulted IASB members at various meetings in January 2015 to inform them of the tentative decisions taken by the Interpretations Committee and to obtain their individual views on this issue. We did not ask the IASB members to make any decisions when we consulted them.
2. In this paper we summarise the informal comments from IASB members. We present these comments for consideration by the Interpretations Committee during its discussions on the draft Interpretation.

Informal comments from IASB members

3. No IASB members expressed concern about developing an interpretation on this subject, or any general concerns about the Interpretations Committee's tentative decisions. Some IASB members provided useful comments for the Interpretations Committee.
4. One IASB member thought that the guidance on scope, recognition and detection risk would be useful, but suggested that we explain why we are proposing to exclude a more-likely-than-not measurement approach (the measurement

approach under US GAAP). We note that we have explained this point in paragraph BC20 of the proposed draft Interpretation presented in [Agenda Paper 2A](#).

5. One IASB member thought that it could be useful to highlight the existing disclosure guidance that would be relevant to this issue. We note that paragraph 88 of IAS 12 *Income taxes* refers to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* for disclosures of tax-related contingent liabilities and assets and that paragraphs 28-30 of IAS 37 provide guidance in respect of this. Paragraph 88 of IAS 12 also refers to IAS 10 *Events After the Reporting Period* and states that (extracted):

....where changes in tax rates or tax laws are enacted or announced after the reporting period, an entity discloses any significant effect of those changes on its current and deferred tax assets and liabilities

6. A few IASB members questioned why the scope of the interpretation is limited to current tax, and does not include deferred tax. We have already identified this as a discussion point in Agenda Paper 2 for this meeting. If the Interpretations Committee decides not to expand the scope of the draft interpretation to include deferred tax, it could consider whether a specific question about this should be asked in the exposure draft.¹
7. One IASB member questioned whether the guidance on interpreting the phrase ‘expected to be paid (recovered)’ in paragraph 46 of IAS 12 could affect how that phrase is interpreted when it is used in other Standards.² We think that the scope of the draft interpretation appropriately limits the interpretation to the use of the phrase in IAS 12.
8. A few IASB members questioned whether the term ‘unit of account’ in the draft Interpretation is used appropriately or whether the term ‘unit of measure’ would be more appropriate.

¹ We explained this point in paragraph BC7 of the proposed draft Interpretation in [Agenda Paper 2A](#).

² For example, paragraph 11 of IAS 19 states (emphasis added) that the entity shall recognise **the undiscounted amount** of short-term employee benefits **expected to be paid**.