

## Introduction

**Thank you for participating in this survey. Deferred tax accounting has long been criticised for being difficult to understand. Some tell us that, as a result, there are problems using the standard in practice. The IASB has recently launched a research project that aims to better understand the information investors need about income taxes. This will help us to assess whether the existing tax reporting standards need to be addressed.**

**This survey comprises two sections:**

**(Please answer all starred questions)**

**Section 1: Information about you**

**Section 2: Investment analysis methodology and the usefulness of tax information**

**\*The survey comprises 13 questions and will take no more than 10 minutes to complete.**

**\*All responses will be treated in confidence on a non-attributed basis. For more information about our data protection policy, please see the Privacy Statement and the Information Statement.**

**Privacy Statement: <http://www.ifrs.org/Pages/PrivacyStatement.aspx>**

**Information Statement: <http://www.ifrs.org/Pages/InformationStatement.aspx>**

## Section 1: About you

**These questions help us to understand the context of your responses, and to provide feedback to the IASB about the types of investors/analysts that have provided views on this part of the project.**

\* 1. Which of the following best describes you?

- Equity analyst—buy side
- Equity analyst—sell side
- Credit analyst
- Portfolio manager – equity
- Portfolio manager – fixed income
- Creditor/lender
- Private/retail investor—equity investor
- Private/retail investor—debt investor
- Other

Other (please specify)

## \* 2. Which industry/sector do you cover mainly?

- Basic Materials
- Consumer Cyclicals
- Consumer Defensives
- Energy
- Financial Services
- Pharmaceuticals
- Industrials
- Real Estate
- Technology
- Telecommunication Services
- Utilities
- All industries (generalist)
- Other

Other (please specify)

## \* 3. Which regions (jurisdictions) do you follow closely?

Regions

I follow closely

If you answered "other", please specify.

## 4. Please provide us with the following information (You may skip this question if you would rather not share your contact information)

Name:

Organisation:

Position:

Email Address:

## Section 2: Investment analysis methodology and usefulness and sufficiency of tax information

**This section is about your investment analysis methodology, and your view on the usefulness and sufficiency of tax information provided today.**

\* 5. Do you use tax information for the following purposes?

	Almost always	Sometimes	Seldom / Rarely	N/A
To input into your valuation model	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To assess management's tax strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To assess the leverage of the company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other purpose and frequency of use?

\* 6. When using the tax information of a company for the above mentioned purposes, how important are the following sources of information?

	Very important	Important	Not very important	Not used
Audited financial statements including footnotes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Unaudited information in management commentary, press releases etc	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supplementary information provided by a company (eg analyst presentation)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other analysts' research/forecast	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other information sources and their importance?

Empty questionnaire form area.

## Section 2: Investment analysis methodology and usefulness and sufficiency of tax information (con't)

\* 7. What tax information provided in the audited financial statements do you use in your analysis? For options rated as very important, please provide reasons in the text box below.

	Very important	Important	Not very important	Not used
Cash tax paid	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Current tax expense	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Deferred tax expense	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Deferred tax asset/liability (as per balance sheet)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Each type of temporary differences and tax losses etc (as per note)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Effective tax rate (as per note)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tax rate reconciliation (as per note)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other, please specify below	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

In the box below, please specify (1) other information used, if any; (2) the reason why the above options are chosen as very important.

## Section 2: Investment analysis methodology and usefulness and sufficiency of tax information (con't)

\* 8. How relevant are the following tax rates when performing your analysis?

	Very relevant	Relevant	Not very relevant	Irrelevant
Statutory tax rate of the ultimate parent company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Weighted average statutory tax rates across countries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Effective tax rate as per financial statement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cash effective tax rate (tax paid/profit before tax)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Company projected future tax rate (forecast)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Others, please specify	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

In the box below, please specify (1) other rates used, if any; (2) how you adjust the above tax rates, if at all, before incorporating them into analysis.

## Section 2: Investment analysis methodology and usefulness and sufficiency of tax information (con't)

\* 9. Which of the following represents your view about the economic nature of deferred tax LIABILITIES?

- Debts (eg, deferred tax liability is an interest-free loan from the government by means of deferring the timing of tax payments).
- Equity (eg, deferred tax liability is an investment from the government in the company's business in return for the payment of tax).
- Income (eg, deferred tax liability is a grant from the government to incentivise future investment. So I consider it income rather than a liability).
- A part of the value of the underlying asset/liability (eg deferred tax liability is an adjustment to the value of the underlying asset because the asset's value is reduced when the entity took a tax deduction from the asset earlier than accounting the expense).
- A fictional number as a result of the accounting technique and does not have any economic meaning for analysis (eg deferred tax liability/asset is a residual number as a result of matching the tax expense with related income in the income statement).
- Other (please specify below)
- I do not have a view on this.

Other (please specify)

\* 10. Which of the following represents your view about the economic nature of deferred tax ASSETS?

- Financial Asset (eg, deferred tax asset is an interest-free loan to the government by means of deferring the timing of tax deduction).
- Non-financial asset (eg, deferred tax asset represents tax losses, tax credit etc that are economic resources to potentially reduce future tax payment).
- Expense (eg, as the realisation of deferred tax assets is very uncertain, I consider them as expenses rather than assets).
- A part of the value of the underlying asset/liability (eg deferred tax asset is an adjustment to the value of a liability when the entity recognises a liability, but there will be a tax benefit from the liability in the future).
- A fictional number as a result of the accounting technique and does not have any economic meaning for analysis (eg deferred tax liability/asset is a residual number as a result of matching the tax expense with related income in the income statement).
- Other (please specify below)
- I do not have a view on this.

Other (please specify)

## Section 2: Investment analysis methodology and usefulness and sufficiency of tax information (con't)

\* 11. Do you agree that the amount of deferred tax liabilities and deferred tax assets on balance sheet should be discounted?

- Yes, a discounted amount reflects the time value of money and thus better reflects the financial position of a company.
- No, because I do not consider deferred tax as a real asset or liability.
- No, discounting will cause more complexity in deferred tax. I prefer to have the undiscounted amount so that I can discount it in my own valuation model.
- I do not have a view on this.

\* 12. Overall, how do you evaluate tax information currently provided in the audited financial statements?

- Clear, understandable and sufficient
- Clear, understandable but insufficient
- Unclear, difficult to understand and insufficient.
- I do not have a view on this.

**Section 2: Investment analysis methodology and usefulness and sufficiency of tax information (con't)**

\* 13. Please describe below where tax information is unclear, difficult to understand or insufficient and what other additional decision-useful information on income taxes do you want to be disclosed in the financial statements?

