



ASCG • Zimmerstr. 30 • 10969 Berlin

Sue Lloyd  
Chair of the IFRS Interpretations Committee  
7 Westferry Circus, Canary Wharf  
London E14 4HD

United Kingdom

**IFRS Technical Committee**

Phone: +49 (0)30 206412-12

E-Mail: [info@drsc.de](mailto:info@drsc.de)

Berlin, 30 October 2018

Dear Sue,

**IFRS IC's tentative agenda decisions in its September 2018 meeting**

On behalf of the Accounting Standards Committee of Germany (ASCG), I am writing to comment on the tentative agenda decisions taken by the IFRS Interpretations Committee (IFRS IC) and published in the September 2018 IFRIC Update.

We agree with all four final agenda decisions. In respect of the tentative agenda decisions, we do not, or only in part, agree with the reasons behind three of these.

Please find our specific comments in the appendix to this letter. If you would like to discuss our views further, please do not hesitate to contact Jan-Velten Große ([grosse@drsc.de](mailto:grosse@drsc.de)) or me.

Yours sincerely,

*Andreas Barckow*

President

**Contact:**

Zimmerstr. 30 D-10969 Berlin  
(via Markgrafenstr.19a)  
Phone: +49 (0)30 206412-0  
Fax: +49 (0)30 206412-15  
E-Mail: [info@drsc.de](mailto:info@drsc.de)

**Bank Details:**

Deutsche Bank Berlin  
IBAN-Nr.  
DE26 1007 0000 0070 0781 00  
BIC (Swift-Code)  
DEUTDE33XXX

**Register of Associations:**

District Court Berlin-Charlottenburg, VR 18526 Nz  
**President:**  
Prof. Dr. Andreas Barckow  
**Executive Director:**  
Prof. Dr. Sven Morich



## Appendix – Detailed Comments

[...]

***Tentative decision on IAS 37 – Deposits relating to taxes other than income taxes***

We do not fully agree with the IFRS IC's decision. We refer to our earlier comments (our letter dated 26 June 2018), when we mainly stated that we

- a) are not convinced that the tax payment creates a resource that is controlled by the entity and results in potential future economic benefits; and
- b) are not convinced that the conclusion would be the same regardless of whether the payment is voluntary or required; further
- c) feel that this discussion is part of a broader question, which is how to account for any kind of payments before they become due or payments that are "voluntary" in character (eg. prepayments, overpayments, deposits, etc.).

While we understand why the IFRS IC rejected our argument under b), we think that our argument under a) still holds. Firstly, we are not convinced that, in the fact pattern, the entity "controls" (i.e. "directs the use" of) the economic resource; hence, F4.20 would not be fulfilled. Secondly, we are still not convinced that F4.14 should be read as the "potential to produce economic benefits" meaning that the existing right need not produce economic benefits in *any* circumstance, but in "*at least*" (i.e. "*only*") one circumstance. Instead, we think that the right should produce potential economic benefits in *any* circumstance – which are either a refund ("the favourable outcome") or the settlement of the liability ("the unfavourable outcome"). As we deem settling a *potential* future liability not to constitute an example under F4.16, we would still argue that the IFRS IC's conclusion that there is "no contingency" is at least debatable, if not inappropriate.

In addition to that, we think the IFRS IC's decision should include an answer on how the (deemed) asset in this fact pattern should be measured. The mere reference to measurement requirements in other IFRSs that deal with monetary assets appears somehow vague (notwithstanding that the term "monetary asset" is used only in IAS 38, "monetary item" is used in IASs 21 and 29; did the Committee mean *financial* asset?).

Following up on our earlier argument c) above, we are particularly concerned about the potential messaging with this agenda decision. The rationale could be read such that any prepayments made for some uncertain future event constitutes an asset, which would certainly be at odds with a number of transactions that are being accounted differently in our jurisdiction.

Lastly, we feel that the terminology in the agenda decision should be reviewed. We have been made aware of companies reading different things into the terms "dispute" and "deposit". For instance, some hold the view that any prepayment is, in fact, a "deposit" made, which makes us believe that the scope of the agenda decision can be taken far wider than anticipated by the Committee.