
Accounting Standards Advisory Forum meeting

Date **December 2025**

Project **Provisions—Targeted Improvements**

Topic **Levies—Ideas for application requirements**

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Accounting Standards Advisory Forum, December 2025, Agenda Paper 1A

This paper was prepared for discussion at the International Accounting Standards Board's (IASB's) October 2025 meeting as Agenda Paper 22. The agenda papers referred to in this paper are the other agenda papers for the IASB's October 2025 meeting.

Purpose of meeting

1. The International Accounting Standards Board (IASB) published [Exposure Draft *Provisions—Targeted Improvements*](#) (Exposure Draft) in November 2024, with a comment deadline of 12 March 2025.
2. The Exposure Draft sets out proposals for amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, including proposals:
 - (a) to amend one of the criteria in IAS 37 for recognising a provision—the requirement for the entity to have a present obligation to transfer an economic resource as a result of a past event (present obligation criterion); and
 - (b) to withdraw IFRIC 21 *Levies*, whose requirements are not consistent with the proposed present obligation criterion.

3. At this meeting, we will ask the IASB to explore ideas for application requirements that could help entities apply the proposed present obligation criterion to levies.
4. We will not ask the IASB to make decisions at this meeting. However, comments from IASB members will help us develop recommendations for the IASB to decide on at a future meeting.

Contents of this paper

5. This paper:
 - (a) explains the reasons for exploring possible application requirements for levies (paragraphs 8–12);
 - (b) reminds IASB members of relevant Exposure Draft proposals (paragraphs 13–23);
 - (c) reports stakeholder feedback on these proposals (paragraphs 24–41); and
 - (d) sets out staff ideas for possible application requirements (paragraphs 42–57).
6. Questions following paragraphs 56 and 57 invite IASB members' questions and comments.
7. Agenda Paper 22A *Levies—Illustrative Examples* contains examples setting out fact patterns of five levies with features like those discussed in this paper. Where we mention one of these features in this paper, we include in **bold red font** a cross reference to the example in Agenda Paper 22A illustrating that feature.

Reasons for exploring possible application requirements

8. Many respondents to the Exposure Draft—from all stakeholder groups and regions—expressed outright or broad agreement with the proposed present obligation criterion and with the withdrawal of IFRIC 21.
9. However, some respondents expressed concerns about the implications of the proposed criterion for some levies. Their concerns focused on several European levies with a common feature:
 - (a) the levy is payable by entities that conduct a specific activity in a given (usually 12-month) period (the levy year); but
 - (b) the amount each entity pays is calculated by reference to a measure of the entity's assets or liabilities in an earlier period.
10. Respondents expressed concerns about the difficulty of applying the proposed present obligation criterion to such levies and about the possible outcomes—the full amount of an annual levy being recognised at a point in time *before* the levy year.
11. These concerns lead some respondents to suggest:
 - (a) developing (simplified) application requirements or guidance for levies; or
 - (b) excluding levies from the scope of IAS 37 and either:
 - (i) leaving IFRIC 21 in place; or
 - (ii) developing a separate IFRS Accounting Standard for levies (and other non-reciprocal transactions).
12. In response, we would like to start by considering the feasibility of developing application requirements for levies—that is, specific requirements that would:
 - (a) apply the general requirements proposed in the Exposure Draft;
 - (b) be clear and straightforward to apply; and

- (c) produce accounting outcomes that faithfully represent the expenses and liabilities incurred by levy-paying entities.

Relevant Exposure Draft proposals

- 13. The proposed requirements affecting the timing of recognition of levies are contained in paragraphs 14A–14R of the [Exposure Draft](#).
- 14. Paragraphs that are especially relevant to levies are summarised below.

Three conditions

- 15. Paragraph 14A proposes three conditions for meeting the present obligation criterion:
 - (a) an obligation condition—the entity has an obligation;
 - (b) a transfer condition—the nature of the obligation is to transfer an economic resource; and
 - (c) a past-event condition—the entity’s obligation is a present obligation that exists as a result of a past event.

Obligation condition

- 16. Paragraph 14B of the Exposure Draft defines the obligation condition. It states that for an entity to have an obligation, a mechanism must be in place that imposes a responsibility of the entity *if it obtains specific economic benefits or takes a specific action*. (Emphasis added)

Transfer condition

- 17. Paragraph 14L explains that an obligation to exchange economic resources with another party is not an obligation to transfer an economic resource (unless the terms of the exchange are unfavourable to the entity).

Past-event condition

18. Paragraph 14N explains that the past-event condition is met when the entity:
 - (a) has obtained the specific economic benefits or taken the specific action referred to in paragraph 14B; and
 - (b) as a consequence, will or may have to transfer an economic resource it would not otherwise have had to transfer.
19. Paragraph 14O states that if the economic benefits are obtained, or the action is taken, over time, the past-event condition is met, and the resulting present obligation accumulates, over that time.
20. Paragraph 14P specifies requirements for situations in which an entity has an obligation to transfer an economic resource only if a measure of its activity in a period exceeds a threshold. It specifies that the past-event condition is met as the entity conducts the activity that contributes to the total on which the levy will be assessed—that is, both activity below and activity above the threshold.
21. Paragraph 14Q specifies requirements for situations in which an entity has an obligation to transfer an economic resource only if it takes both (or all) of two (or more) separate actions. Paragraph 14Q specifies that the past-event condition is met when the entity has taken the first action (or any of the actions) and has no practical ability to avoid taking the second action (or all the remaining actions).
22. The requirements proposed in paragraph 14Q differ from those in IFRIC 21. IFRIC 21 specifies that an entity has a present obligation only when it has conducted the activity that triggers the payment of a levy—in other words, only when it has taken all the actions required for payment of that levy.
23. Illustrative examples 13A–13C in the proposed *Guidance on Implementing IAS 37* illustrate how the past-event condition could apply to various levies.

Stakeholder feedback on the implications for levies

Levies causing concern

24. Many respondents—primarily but not exclusively in Europe—raised questions or expressed concerns about the past-event condition. Many of those respondents focused on how the requirements would apply to specific European levies, including the French Cotisation Foncière des Entreprises (a business property tax), and three bank levies:
- (a) the Bank of England Levy;
 - (b) the EU Single Resolution Fund Levy;
 - (c) a French levy on banks that funds payments to local authorities that have taken out ‘toxic’ loans.
25. Each of these levies is a recurring annual charge:
- (a) payable by entities engaged in a specified activity during one year (the levy year); but
 - (b) calculated by reference to a measure of specific assets or liabilities held by the entity as at a specified date before the start of the levy year. In some cases, the specified date is more than a year before the start of the levy year.
26. **Examples 2, 4 and 5** in Agenda Paper 22A set out fact patterns similar to those of the French Cotisation Foncière des Entreprises, the Bank of England Levy and the EU Single Resolution Fund Levy.

Concerns expressed about these levies*The proposed requirements are unclear*

27. Respondents to the Exposure Draft expressed concern that, for levies with the features described in paragraph 25, it is unclear when the past-event condition is met:
- (a) some respondents noted that to apply the requirements, it would be necessary to convert the features or conditions of a levy into actions taken by the entity. They said it is unclear which features should be converted into actions, precisely what these actions are, and what determines whether they are separate actions.
 - (b) some of these respondents specifically questioned whether holding the assets or liabilities used to calculate the levy should be identified as an ‘action’ that meets the past-event condition. Some respondents also asked whether, *if* holding those assets or liabilities *is* such an action, the entity takes that action:
 - (i) on the date on which the assets or liabilities are measured, as specified in the legislation; or
 - (ii) at an earlier date, when the entity acquires the assets or originates the liabilities that will be measured on the date specified in the legislation (if it has no practical ability to sell or settle them before that date).
 - (c) some respondents said they do not find Illustrative Examples 13A–13C helpful, because the conclusions are difficult to understand. Specifically, they said it is unclear:
 - (i) why in Example 13A (A levy on revenue) generating revenue in a market in 20X0 and operating in the market on 1 January 20X1 are two separate actions.
 - (ii) why two required actions are identified in Example 13B (A levy on an entity operating as a bank on the last day of its annual reporting period). Respondents say they think the only action required to pay that

levy is operating as a bank on the last day of an annual reporting period. They question why the dependence of the amount of the levy on the length of the accounting period (a measurement basis) is enough to identify a second action and invoke paragraph 14O.

- (iii) why in Example 13C (A property tax), the requirement to pay property tax is a result of only one action—why the earlier purchase of the property, or ownership of the property through the year, is not regarded as an action. It is unclear why the conclusion in Example 13C is different from that in 13B.

28. Some respondents said that, if the IASB were to finalise the amendments as they are proposed in the Exposure Draft:
- (a) the costs of complying with IAS 37 would increase—the complexity of some levies, and the diversity in their terms, is such that working out when to recognise a levy would require undue time and effort, with long discussions between entities and their auditors; and
 - (b) there would be a risk of diversity in practice—if some entities and auditors reached different conclusions from others, some entities might recognise levies earlier than others, making financial statements less comparable.

The resulting information would not be useful

29. Some respondents also expressed concerns that, for levies with features like those described in paragraph 25, the information provided by applying the proposed requirements (as interpreted in Illustrative Examples 13A–13C) would not be useful:
- (a) if holding assets or liabilities on the date before the levy year is an ‘action’ required to meet the past-event condition, each year’s levy would be recognised at a point in time *before* the year for which the levy is charged.

Respondents said that recognising a recurring annual levy at a point in time, especially before the year of charge, does not faithfully represent the substance of a levy—the means through which a government appropriates a portion of the benefits an entity obtains from conducting an activity or using an asset over a levy year. The legislation might specify the scope of a levy, or the amount each entity should pay, by reference to the value of entities' assets or liabilities at a point in time (before the levy year). However, the legislation does so purely for administrative efficiency. The substance of a levy would be more faithfully represented by recognising the levy expense over the period in which the entity obtains the benefits the government seeks to appropriate.

- (b) some respondents expressed concerns that entities might need to recognise provisions for annual levies that will be charged for many years into the future, perhaps indefinitely. In some cases, this concern arose because the respondents had concluded that acquiring property or originating a liability could be a relevant action for meeting the past-event condition (as described in paragraph 27(b)(ii)). So they suggested that, on the date an entity acquires the property or originates the liability, it will need to recognise a provision for all future levies it expects to pay while it owns the property or holds the liability, if it has no practical ability to sell the property or settle the liability before then.
- (c) a few respondents refuted the IASB's assertion that a benefit of the proposed past-event condition is that it is more consistent than IFRIC 21 with the requirements of other IFRS Accounting Standards addressing obligations that are conditional on the entity's future actions—for example, with IFRS 2 *Share-based Payment* and IAS 19 *Employee Benefits*.¹ Respondents said that requirements that provide useful information about reciprocal transactions (by recognising the costs when the reciprocal benefits are received) do not necessarily provide useful information about non-reciprocal transactions like levies.

¹ An assertion made in paragraph BC14 of the Basis for Conclusions accompanying the Exposure Draft.

30. A few respondents also noted that, if provisions for levies were recognised before the year for which they are charged, it is possible these provisions would be recognised while the amount payable is still very uncertain. These respondents said that recognising a provision so early would increase the subjectivity of the measures, reducing comparability and making amounts recognised susceptible to later revision.

The problem lies in the interpretation of ‘action’

31. A group representing European preparers of financial statements suggested that the problem is not necessarily with the requirements in paragraphs 14N–14Q—rather it is in the way the illustrative examples apply those requirements to levies:

Specifically, it seems that the arbitrary breakdown of taxes into multiple actions to fit the proposed model adds confusion and risks leading to conclusions that do not always make sense. We have had numerous discussions on several taxes, which show that there is currently no consensus on the interpretation of the text. Furthermore, there now seems to be confusion between an action triggering the obligation (the obligating event) and actions building the base of the evaluation. *CL18 ACTEO AFEP MEDEF*

32. This group suggested that the only ‘action’ giving rise to an obligation to pay a levy is the activity that a legislator is seeking to tax. Having a status that brings an entity into the scope of the legislation (usually defined at a point in time for simplicity) or holding assets or liabilities on which the levy will be calculated should not be viewed as ‘actions’ that give rise to an obligation.
33. The group applied this concept to the illustrative examples and suggested that in each example there is only one action to consider:
- (a) in Example 13A (A levy on revenue)—the government is seeking to tax revenue, so the provision should be accumulated as the entity generates revenue.

- (b) in Example 13B (A levy on an entity operating as a bank on the last day of its annual reporting period)—the government is seeking to tax banking activity, so the levy charged at the end of each reporting period should be accumulated over the entity's annual reporting period (the period in which it has been conducting banking activities).
 - (c) in Example 13C (A property tax)—although the tax is charged on the value of property at a single date, the objective is to tax transactions carried out using the property throughout the year, so the provision should be accumulated over the year.
- 34. Other respondents said that terms of legislation that identify the measurement basis for a levy should affect only the measurement of the provision—they should not have a bearing on when the provision is recognised.

Other concerns—the transfer condition

- 35. The primary concerns of respondents related to the application of the *past-event* condition, as discussed above. However, a few respondents also raised concerns about the application of the *transfer* condition—the requirement for the obligation to be an obligation to transfer an economic resource (as described in paragraphs 15(b) and 17).
- 36. These respondents questioned the implications of the transfer condition for levies. They noted differences in views about whether paying a levy involves:
 - (a) transferring an economic resource—because the entity receives no economic resources (rights) in exchange for paying the levy; or
 - (b) exchanging economic resources—because paying a levy gives an entity access to a market and hence is akin to paying for an operating licence.

37. One respondent said that those who argue that a levy is an exchange transaction will recognise a provision over the period in which they view the associated benefits as being received, whereas those who argue the levy is a transfer will recognise a provision when the entity takes the action(s) required for the levy to be payable.
38. Respondents asked for guidance on whether an obligation to pay a levy is an obligation to transfer an economic resource or an obligation to exchange economic resources. One respondent noted that the illustrative examples in the Exposure Draft include a conclusion that the levies being illustrated are obligations to transfer an economic resource—without explaining how such a conclusion might be reached. A few respondents suggested simply stating that levies and fines are transfers, not exchanges, of economic resources.

Suggestions for alternative requirements for levies

39. In the light of their concerns about the proposals in the Exposure Draft, a group representing banks suggested specifying simplified application requirements (a ‘single mechanism’) for levies, to reduce complexity and the risk of diversity in practice. A few respondents suggested requiring all levies charged annually (or at other regular intervals) to be recognised progressively over the year (or other interval) for which they are being charged, as specified in the legislation. Such an outcome could be achieved by specifying that for levies, the ‘action’ that meets the past-event condition is the activity the government is seeking to tax (as described in paragraphs 32 and 33).
40. A few other respondents suggested retaining the requirements of IFRIC 21 for levies, by scoping levies out of IAS 37 and developing IFRIC 21 as a separate standard.
41. Other respondents instead suggested developing ‘robust’ requirements and guidance on applying the general requirements to levies, identifying a particular need for:

- (a) application requirements for levies in the body of IAS 37 (as opposed to examples in the *Guidance on Implementing IAS 37*).
- (b) guidance on specific matters, including on:
 - (i) what constitutes an ‘action’;
 - (ii) the factors that distinguish a single action that the entity takes over time from distinct actions that an entity considers separately; and
 - (iii) why an entity recognises a provision for one year’s levy only, even if it has no practical ability to avoid operating and paying levies in the future. Respondents suggested clarifying that, although the entity has no practical ability to avoid levies that will be charged in future years, it has not yet taken *any* of the actions required for these levies to be payable (so has not yet met the requirement in paragraph 14Q that it has taken a first action).
- (c) clarification that:
 - (i) the relevant actions are those specified in the terms and conditions of the mechanism imposing the responsibility (for example, owning an asset at a specified date, not acquiring it before that date); and
 - (ii) therefore, identifying these actions is not a question of management’s judgement but an assessment of all the facts of the mechanism (as explained in paragraph BC36 of the Basis for Conclusions accompanying the Exposure Draft).
- (d) illustrative examples:
 - (i) that more clearly explain the rationale for their conclusions; and
 - (ii) with fact patterns other than those illustrated in the Exposure Draft, including fact patterns like of the levies described in paragraph 25.

Ideas for possible application requirements—actions required before the levy year

Introduction

42. In this section we:
- (a) discuss why some levies depend on actions an entity takes before the levy year (paragraphs 43–48); and
 - (b) explore ideas for application requirements for such levies (paragraphs 49–56).

Why some levies depend on actions an entity takes before the levy year

43. Governments often impose levies on entities that conduct specific activities, with a view to appropriating some of the benefits entities obtain from those activities, or recouping some of the costs the activities impose on society. The activities could be, for example, operating in a specific market (sector or locality) or holding specific assets. The policy objective varies—for example, it could be:
- (a) to redistribute windfall profits earned in a sector (**Example 1**);
 - (b) to help fund a local authority's public service obligations (**Example 2**);
 - (c) to recoup the costs of regulating a sector (**Example 4**); or
 - (d) to help fund costs of resolving business failures within a sector (**Example 5**);
44. The scope of the levy might be further limited to a subset of entities carrying out the specified activities. For example, the scope might be limited to the largest entities operating in a market—those whose revenue, assets or liabilities (or some other metric of the scale of its operations) exceeds a specified threshold during or before the levy year (**Examples 1 and 4**).

45. The levies are imposed via legislation or another mechanism that links the charge to an activity that the entity conducts in a specific (often 12-month) period—the ‘levy year’. To perfectly align a levy with its policy objective:
- (a) the scope of the legislation imposing the levy would encompass every entity that:
 - (i) meets the scope criteria during the levy year; and
 - (ii) obtains the targeted benefits at any time during the levy year; and
 - (b) the reference metric used to determine the amount each entity pays would be the amount of benefits the entity obtains, or the scale and duration of the entity’s relevant activities, within the levy year. The liability would accrue through the levy year as the entity obtains the benefits or conducts the activities.
46. However, in some cases, the legislation required to perfectly align a levy with its policy objective would be unduly complex and expensive to administer, and would prevent governments from collecting cash until after the levy year. So, governments implement alternative legislation that achieves reasonably close alignment with the policy objective but is simpler and less expensive to administer, and enables earlier collection of the levy. Such legislation might specify:
- (a) proxy criteria for identifying entities within the scope of the levy; and/or
 - (b) a proxy metric for determining the amount of levy each entity pays—a metric that be measured more easily than the targeted benefits or activity, or without waiting until the end of the levy year.
47. For example, in a stable market (where few entities enter or leave the market or dramatically change the scale or their operations), reasonably close alignment with a policy objective might be achieved through legislation that:

- (a) includes within the scope of the levy entities that:
 - (i) conduct specific activities on a *single date* within the levy year **(Examples 2, 4 and 5)**; and/or
 - (ii) fulfil any other scope criteria—for example, exceed a size threshold—*before* the levy year **(Examples 1 and 4)**; and/or
 - (b) calculates the levy by reference to a readily obtainable and verifiable proxy metric of the targeted benefits or activities before the levy year. For example, a such a metric of the risks to society imposed by a bank over the course of a levy year could be the size of the liabilities the bank reported in its audited financial statements for the previous year **(Example 5)**.
48. Features of some levies help to demonstrate that a measure of an entity's activity, assets or liabilities in a reference period *before* a levy year is being used purely to estimate the scale of the entity's activity *during* the levy year. For example, in some cases:
- (a) the legislation may substitute a different measure if the entity was not active in (or data is not available for) the reference period **(Examples 2 and 5)**; or
 - (b) an entity pays a reduced amount if it can demonstrate that its activities have contracted since the reference period **(Example 2)**.

Possible application requirements

49. We are exploring ideas for application requirements that would:
- (a) apply the general requirements proposed in the Exposure Draft;
 - (b) be clear and straightforward to apply; and
 - (c) produce accounting outcomes that faithfully represent the expenses and liabilities incurred by levy-paying entities.

Disregard all actions taken before the levy year

50. One idea could be to require that, in identifying the actions required to satisfy the past-event condition proposed in the Exposure Draft (relevant actions), an entity disregards actions it is required to have taken before the start of the levy year. Such a requirement might be justified on the grounds that any such actions will be no more than actions the legislation:
- (a) requires purely to limit the scope of the levy to a subset of entities carrying out the targeted activities (as described in paragraphs 44; or
 - (b) refers to purely as a means of estimating the scale of the entity's activities in the levy year (as described in paragraph 47(b)).
51. Requiring an entity to disregard actions taken before the levy year could put significant stress on correctly identifying the levy year. In many cases, the levy year will be clear from the terms of the legislation. However, in some cases, the levy year might be open to interpretation—for example if the levy is measured by as percentage of an entity's revenue in a market in one calendar year, but only if the entity is operating in the market on the first day of the next calendar year **(Example 1)**.
52. To ensure consistent application, we could seek to define the levy year. One possibility could be to define it as the period during which an entity takes the actions that determine the *extent* of its obligation to pay the levy (as opposed to actions that do no more than determine whether the entity is within the *scope* of the levy). We could clarify that the extent of an entity's obligation to pay a levy could be:
- (a) a fixed amount, payable by all entities taking a specific action at a date or over a period within the levy year;
 - (b) a variable amount that depends on either or both of:
 - (i) the duration of the entity's activity in the levy year; or
 - (ii) the scale of the entity's activity in the levy year.

53. We could further clarify that the scale of the entity's activity in the levy may be:
- (a) determined directly by reference to a measure of the entity's activity over a period (or at a date) within the levy year;
 - (b) or estimated indirectly by reference to a measure of the entity's activity in a period (or at a date) before the levy year, as described in paragraph 47(b).

54. We could provide guidance to help entities determine whether an entity's activity in one period has been estimated by reference to a measure of its activity in an earlier period. We could list indicators, such as those described in paragraph 48.

Disregard some actions taken before the levy year

55. An alternative way of ensuring consistent application could be to identify the levy year more loosely but permit an entity to disregard only *some* types of actions taken before the levy year.
56. We could:
- (a) clarify that at least one of the actions required to satisfy the past-event condition will be an action the entity takes in the levy year; and
 - (b) require that, in identifying other relevant actions, an entity disregards actions that it takes before the levy year, if those actions:
 - (i) are required by the legislation only to restrict the scope of the levy, as described in paragraph 47(a)(ii); or
 - (ii) are used by the legislation only as a basis for estimating the scale of the entity's activities during the levy year, as described in paragraph 47(b).

Question for the IASB

Question 1—Actions required before the levy year

- Do you have any questions or comments on the ideas set out in paragraphs 50–56 above?
- Do you have any other ideas for application requirements for actions required before a levy year?

Ideas for possible application requirements—other matters

57. As discussed in paragraphs 38 and 41, some respondents to the Exposure Draft requested clarification of matters beyond those relating to actions an entity takes before a levy year. The table below lists some of these matters and staff ideas for possible clarifications. (The cross-references are to the paragraphs in this paper explaining the requests in more detail.)

	Stakeholder request	Staff idea
(a)	Add application requirements to the body of IAS 37. Examples in the <i>Guidance on Implementing IAS 37</i> are insufficient. (Paragraph 41(a))	Newer IFRS Accounting Standards include an appendix of ‘Application Guidance’ that is an integral part of the Standard and has the same authority as other parts of Standard. We locate application requirements for levies in such an appendix.

	Stakeholder request	Staff idea
(b)	Clarify that an obligation to pay a levy meets the transfer condition—it is an obligation to transfer an economic resource, not to exchange economic resources. (Paragraph 38)	We could clarify that: - The fact that paying a levy is a <i>consequence</i> of taking a specific action (for example, operating in a market) does not mean paying the levy gives the entity a <i>right</i> to take that action (for example, a licence to operate in the market). - Typically, obligations to pay a levy are obligations to transfer an economic resource—the legislation imposing the levy does not grant levy-payers any new economic resources (rights) in exchange for paying the levy.
(c)	Clarify which features of a levy are ‘actions’ that meet the past-event condition. Specifically, clarify: - whether holding assets or liabilities used to measure the levy is a relevant action.; and - if so, when the entity takes that action. (Paragraphs 27(b) & 41(c)(i))	We could clarify that: - the actions that meet the past-event condition are those specified by the legislation or other mechanism imposing the levy; - so, for example, if legislation specifies that a levy is payable on assets or liabilities held on a given date in the levy year, the relevant action is holding the assets or liabilities <i>on that date</i>, not acquiring the assets or incurring the liabilities at an earlier date.

	Stakeholder request	Staff idea
(d)	Clarify factors that distinguish a single action that the entity takes over time from distinct actions that an entity considers separately. (Paragraph 41(b)(ii))	We could list features of a levy that might indicate that the obligation to pay the levy accumulates over time. Such features could include: (a) the amount of the levy being determined by reference to the scale of an activity—for example, generating revenue—that the entity conducts over time (Example 1); or (b) the amount of the levy depending on the duration of the entity's activity: (i) being reduced for entities that are active for less than the full levy year—for example, entities that enter a market after the start of the levy year or leave it before the end of levy year (Examples 2 and 5); or (ii) depending on the length of the levy year—for example, depending on the length of an entity's annual reporting period (Example 3).
(e)	Explain why an entity does not recognise a provision for future years' levies even if it has no practical ability to avoid paying these levies. (Paragraphs 29(b) and 41(b)(iii))	We could emphasise that to meet the past-event condition, it is necessary that an entity has taken at least one of the actions required for the levy to be payable. It is not sufficient that the entity has no practical ability to avoid any other required actions.

	Stakeholder request	Staff idea
(f)	Clarify that identifying the actions that meet the past-event condition is not a question of management's judgement. The actions are determined by assessing all the facts of the mechanism imposing the levy, as explained in paragraph BC36 of the Basis for Conclusions accompanying the Exposure Draft. (Paragraph 41(c)(ii))	We could clarify that: • relevant actions depend on the precise terms of the legislation or other mechanism imposing the levy—including terms that apply only in unusual circumstances, for example if an entity enters or leaves a market during the levy year. • accordingly, identifying relevant actions (including determining whether there is more than one separate action) requires an assessment of all the terms of the mechanism. • all entities subject to one mechanism should identify the same relevant actions and reach the same conclusions on whether these actions are conducted at a point in time or over a period of time. • entities subject to two different mechanisms could reach different conclusions, even if the objectives of the two mechanisms are the same and the main terms are similar.

Question for the IASB

Question 2—Other matters

- Do you have any questions or comments on the ideas set out in rows (a)–(f) of the table above?
- Are there any other matters you would wish to see covered in application requirements for levies?