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## IFRS® Interpretations Committee meeting

Date	<b>March 2026</b>
Project	<b>Presentation of Taxes or Other Charges that are Not Income Taxes within the Scope of IAS 12 (IFRS 18)</b>
Topic	<b>Cover paper</b>
Contacts	Stefano Tampubolon ( <a href="mailto:stampubolon@ifrs.org">stampubolon@ifrs.org</a> )

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## Introduction, purpose and structure of papers

1. At its November 2025 meeting, the IFRS Interpretations Committee (Committee) published a [tentative agenda decision](#) about whether an entity applying IFRS 18 *Presentation and Disclosure in Financial Statements* is permitted to present taxes or other charges that are not within the scope of IAS 12 *Income Taxes*:
  - (a) in the 'income tax expense or income' line item of the statement of profit or loss required by paragraph 75(a)(iv) of IFRS 18; or
  - (b) in the income taxes category of the statement of profit or loss.
2. At its November 2025 meeting, the Committee also decided to propose [additional updates](#) to agenda decisions *Presentation of payments on non-income taxes* (IAS 1 *Presentation of Financial Statements*) and *Classification of Tonnage Taxes* (IAS 12).
3. Agenda Papers 9A–9B for this meeting:
  - (a) summarise and analyse comments on the Tentative Agenda Decision *Presentation of Taxes or Other Charges that are Not Income Taxes within the Scope of IAS 12 Income Taxes* (IFRS 18) and the proposed additional updates to the two agenda decisions referred to in paragraph 2 of this paper; and

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- (b) ask the Committee whether it agrees with our recommendation to finalise the agenda decision and the proposed additional updates to the two agenda decisions.
4. In particular:
- (a) this paper explains the background to the Committee’s discussion and conclusions on this matter;
  - (b) Agenda Paper 9A summarises and analyses comments on the tentative agenda decision; and
  - (c) Agenda Paper 9B summarises and analyses comments on the proposed updates to the two agenda decisions referred to in paragraph 2 of this paper.

## Background

### *The IASB’s findings and request to the Committee*

5. Horizon-scanning activities undertaken by the International Accounting Standards Board (IASB) had revealed a consistent application matter concerning the presentation in the statement of profit or loss of taxes or other charges that are not income taxes in the scope of IAS 12.<sup>1</sup> We refer to those taxes or other charges as ‘non-income tax charges’ in the rest of this paper and in Agenda Papers 9A–9B.
6. As reported to the IASB at its [October 2025 meeting](#), we understand from prior research and informal conversations with stakeholders that non-income tax charges are prevalent across jurisdictions and the amounts involved can be material.

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<sup>1</sup> The IASB regularly engages in horizon-scanning activities to keep up to date with stakeholder concerns.

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7. Furthermore, research suggested some entities applying IAS 1:
- (a) present non-income tax charges as an additional line item within a ‘tax expense’ subtotal; or
  - (b) present non-income tax charges as part of the ‘tax expense’ line item and disaggregate this amount in the notes.
8. Although IFRS 18 is not yet effective, informal conversations with stakeholders suggested:
- (a) there are different views about whether an entity may present non-income tax charges:
    - (i) as part of the line item ‘income tax expense or income’ applying paragraph 75(a)(iv) of IFRS 18; or
    - (ii) as an additional line item within the ‘income taxes’ category of the statement of profit or loss.
  - (b) these different views can have a material effect on those affected—in particular, the different views would result in some entities classifying a non-income tax charge in the income taxes category and some entities classifying that same non-income tax charge in another category in the statement of profit or loss.
9. IFRS 18 replaces IAS 1 and is effective 1 January 2027. In the light of the imminent effective date of IFRS 18, at its October 2025 meeting, the IASB decided to ask the Committee to consider the matter described in paragraph 8 of this paper.

### ***The Committee’s discussion and conclusion***

10. The Committee discussed the matter referred to it by the IASB at its [November 2025 meeting](#).

11. Based on its analysis, the Committee concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for an entity applying IFRS 18 to determine how it presents in the statement of profit or loss taxes or other charges that are not income taxes within the scope of IAS 12. Consequently, the Committee tentatively decided not to add a standard-setting project to the work plan and, instead, published a tentative agenda decision.
12. The tentative agenda decision was open for comment until 6 February 2026.

### ***Updates to related agenda decisions***

13. The Committee has previously considered matters related to specific non-income taxes and has published the following agenda decisions:
  - (a) [Presentation of payments on non-income taxes \(IAS 1 and IAS 12\)](#); and
  - (b) [Classification of tonnage taxes \(IAS 12\)](#).
14. These two agenda decisions, which we refer to as ‘related agenda decisions’ in the rest of this paper and in Agenda Papers 9A–9B, discuss the accounting for production-based royalty payments and tonnage taxes.
15. Paragraph 82 of IAS 1 requires an entity to present a line item for ‘tax expense’ in the statement of profit or loss. The related agenda decisions address, among other things, how an entity applies paragraph 82 of IAS 1 when deciding how to present specific non-income taxes in the statement of profit or loss.
16. Following a request from the IASB, the Committee proposed updates to the related agenda decisions (and some other agenda decisions). Among other changes, the Committee proposed replacing references to the requirements in paragraph 82 of IAS 1 with references to the requirements in paragraph 75(a)(iv) of IFRS 18. The Committee considered feedback on those proposed updates at its [November 2025 meeting](#).

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17. In the light of its decision to publish the Tentative Agenda Decision *Presentation of Taxes or Other Charges that are Not Income Taxes within the Scope of IAS 12 Income Taxes* (IFRS 18) (see paragraphs 10–12 of this paper), the Committee decided to not finalise but instead to propose additional updates to the two related agenda decisions which it had previously published for comments.
  18. The proposed additional updates were open for comment until 6 February 2026.