

STAFF PAPER

January 2019

IASB® meeting

Project	Deferred tax related to assets and liabilities arising from a single transaction (Proposed amendments to IAS 12)		
Paper topic	Due Process Steps		
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (Board) and does not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS® Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB® *Update*.

Introduction

1. At its meeting in October 2018, the International Accounting Standards Board (Board) decided to propose a narrow-scope amendment to IAS 12 *Income Taxes*. The proposed amendments would narrow the scope of the initial recognition exemption in paragraphs 15 and 24 of IAS 12 so that it would not apply to the extent that, on initial recognition of a transaction, an entity would recognise equal amounts of deferred tax assets and liabilities.
2. As explained in Agenda Paper 12A for this meeting, the objective of this paper is to:
 - (a) set out the due process steps the Board has taken in developing the proposed amendments to IAS 12; and
 - (b) ask the Board to confirm it is satisfied that it has complied with the applicable due process requirements.

Structure of the paper

3. The paper is structured as follows:
 - (a) comment period;
 - (b) intention to dissent;
 - (c) proposed timetable for balloting and publication;
 - (d) confirmation of due process steps; and

- (e) questions for the Board.
4. Appendix A to this paper summarises the actions taken to meet the due process requirements.

Comment period

5. Paragraph 6.7 of the [IFRS Foundation Due Process Handbook](#) (Due Process Handbook) states that the Board ‘normally allows a minimum period of 120 days for comment on an Exposure Draft’. We have not identified any reason to deviate from this requirement and, accordingly, recommend a comment period of at least 120 days for the Exposure Draft of the proposed amendments to IAS 12 (Exposure Draft).

Intention to dissent

6. In accordance with paragraph 6.9 of the Due Process Handbook, we are asking whether any Board member intends to dissent from the Exposure Draft.

Proposed timetable for balloting and publication

7. We plan to begin the balloting process in the first quarter of 2019 and expect the Exposure Draft to be published in the second quarter of 2019.

Confirmation of the due process steps

8. In Appendix A to this paper, we have set out the due process steps required in developing and publishing an exposure draft together with the current status of, and any planned action for, these steps. We note that the applicable due process steps to date for commencing balloting of the Exposure Draft have been completed.

Questions for the Board

1. **Comment period**—does the Board agree with our recommendation to have a comment period of at least 120 days for the Exposure Draft?
2. **Dissent**—does any Board member intend to dissent from the proposed amendments to IAS 12?
3. **Permission to ballot**—is the Board satisfied that it has complied with the applicable due process requirements and that it has undertaken sufficient consultation and analysis to begin the balloting process for the Exposure Draft?

Appendix A: Actions taken to meet the due process requirements

A1. The following table sets out the actions taken to meet the due process requirements:

<i>Step</i>	<i>Actions</i>
The Board and IFRS Interpretations Committee (Committee) meetings are held in public, with papers being available for observers. All decisions are made in public sessions.	The Board discussed the matter at its meetings in October 2018 (see Agenda Paper 12B) and January 2019 (see Agenda Papers 12A and 12B for this meeting). The Committee discussed this matter at its meetings in March 2018 (see Agenda Paper 4) and June 2018 (see Agenda Paper 5). The project webpage has up-to-date information.
Consultation with the Trustees and the Advisory Council.	The Trustees and the Advisory Council will be informed about the proposed amendments to IAS 12 as part of the regular reporting to them.
Analysis of likely effects of the forthcoming Standard or major amendment, for example, costs or ongoing associated costs.	The proposed amendments are narrow in scope. Consequently, we do not see a need to have a separate effects analysis. The matter arose because of identified diversity in the application of the initial recognition exemption in IAS 12 in particular situations. We therefore expect the main effect to be more consistent application of the requirements in IAS 12. The Board also considered the potential costs of implementing the amendment (see Agenda Paper 12B for this meeting).
Finalisation	
Due process steps are reviewed by the Board.	This step will be met by this Agenda Paper.
The Exposure Draft has an appropriate comment period.	The comment period is being considered by the Board at this meeting—see paragraph 5 of this paper.
Drafting	
Drafting quality assurance steps are adequate.	The translations, taxonomy and editorial teams will review a draft of the Exposure Draft. We will perform an editorial review of a draft of the Exposure Draft with some external parties, including Committee members. A draft of the Exposure Draft will be made available to members of the International Forum of Accounting Standard Setters.
Publication	
Press release to announce publication of the Exposure Draft.	A press release will be published with the Exposure Draft.
Publication of the Exposure Draft.	The Exposure Draft will be made available on our website when published.