

Exposure Draft ED/2019/5 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Questions to constituents

28 EFRAG observes that the issue could have been addressed more simply on, for example, an IFRS Interpretation Committee Agenda Decision. This could avoid the complexity introduced by the ED. Do you agree with EFRAG that a simpler solution could have been developed?

We consider that IAS 12 should be clarified referring that the exemption have to be applied to lease contracts if conditions are met.

However, if conditions are not met we consider that temporary differences resulting from a single transaction represent a single unit of account (net approach).

29 If the IASB continues standard setting activity, do you agree with EFRAG's recommendation that the 'cap' should be removed?

As we have answered in question 28 that we are in favor of a net approach for temporary differences resulting from a single transaction, we consider that such an approach is compatible with the existence of a cap in the gross method presented by the IASB.

30 If you are not using a similar approach to that proposed in the ED, do you expect significant complexity in transitioning to the approach proposed in the ED?

Yes, we expect significant complexity.

31 Do you have other concerns with the application of the proposed amendments?

N/A

Lisbon, 25th October 2019