

3 November 2019

International Accounting Standards Board  
Email: [commentletters@ifrs.org](mailto:commentletters@ifrs.org)

Cc: EFRAG

Dear Sir/Madam

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

Norsk RegnskapsStiftelse (the Norwegian Accounting Standards Board) welcomes the opportunity to submit its views on the Exposure Draft *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*.

In general we support the Board's proposal to amend IAS 12 in the manner described in the Exposure Draft. The proposed amendment supports the current practice in Norway where deferred tax are recognized on initial recognition for decommissioning obligations and IAS 17 finance leases/IFRS 16 leases to the extent the transactions gives rise to equal amounts of deferred tax assets and liabilities. We support that the accounting for such transactions should not be included in the initial recognition exemption scope but follow the general principle in IAS 12 of recognizing deferred tax for all temporary differences. This to ensure a reasonable and comparable tax expense in the statement of income.

The amendment provides an optional transition relief that would permit an entity to assess the recoverability requirement only at the beginning of the earliest comparative period presented. For companies that e.g. has recognized deferred tax for decommissioning obligations historically the related deferred tax asset and tax liability would not be equal as at the beginning of the earliest comparative period presented and the optional transition relief would hence not be applicable, and full retrospective application is required.

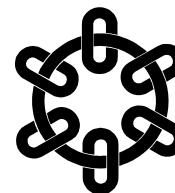
Even though we agree and support the proposed amendment we encourage IASB to look at the build up and wording in the standard with the objective to avoid the use of double negatives. This to avoid uncertainty of what the standard says. I.e

IAS 12.15.....except to the extent.....

- (b) (i) is not a business
- (iii) at the time of the transaction, does not give rise..

Similar wording in IAS 12.22(c)

As the proposed amendment is in accordance with current practice in Norway, and that the extent of transactions impacted by the amendment after the implementation of IFRS 16 Leases increases significantly, we consider this a matter of urgency for which the IASB should strive to conclude as soon as possible. If left unconcluded as of year-end this could create uncertainty and difficulties in connection with the 2019 financial statement year-end closing process.



Please do not hesitate to contact us if you would like to discuss any specific issues addressed in our response.

Yours faithfully,  
Karina Vasstveit Hestås  
Chair of the Technical Committee on IFRS of Norsk RegnskapsStiftelse