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## **Uncertainty over Income Tax Treatments**

### **Cover Note**

#### **Objective**

- 1 The objective of this session is to discuss EFRAG Secretariat's draft of a draft endorsement advice on IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments* ('IFRIC 23') against the endorsement criteria set in the IAS Regulation for submission to the EFRAG Board.

#### **Background**

- 2 On 21 October 2015, the IFRS Interpretations Committee published the Draft IFRIC Interpretation DI/2015/1 *Uncertainty over Income Tax Treatments* ('draft Interpretation'). EFRAG published its final comment letter on the Draft Interpretation on 12 February 2016.
- 3 Agenda paper 05-02 presents EFRAG Secretariat's analysis on how the IASB has addressed the recommendations made by EFRAG. As the IASB's proposals received support from most respondents including EFRAG, the IASB made only limited changes to its proposals during redeliberations.
- 4 On 7 June 2017, the IASB issued IFRIC 23 which clarifies how to apply the measurement requirements in IAS 12 when there is uncertainty over income tax treatments.
- 5 The EFRAG Secretariat has prepared a draft of a draft endorsement advice of IFRIC 23 on the basis of the views expressed by EFRAG in its final comment letter after considering the extent to which the recommendations made by EFRAG had been addressed in published IFRIC 23 (Agenda paper 05-03).
- 6 On 10 July 2017, EFRAG received a letter from the European Commission requesting advice whether IFRIC 23 meets the endorsement criteria as laid out in the IAS Regulation.

#### **Questions to EFRAG TEG**

- 7 Does EFRAG TEG agree with the draft of the draft endorsement advice on IFRIC 23 for submission to the EFRAG Board contained in Agenda paper 05-03?
- 8 Does EFRAG TEG agree with the draft invitation to comment contained in Agenda paper 05-04?

#### **Agenda Papers**

- 9 In addition to this cover note, agenda papers for this session are:

*IFRIC Interpretation 23 Uncertainty over Income Tax Treatments – Cover Note*

- (a) Agenda paper 05-02 – Follow-up of EFRAG’s recommendations;
- (b) Agenda paper 05-03 – draft DEA Letter to the EC on IFRIC 23;
- (c) Agenda paper 05-04 – Invitation to Comment on the DEA on IFRIC 23; and
- (d) Agenda paper 05-05 – IASB Publication – for background only.