

SEOPAN/CEOE RESPONSE TO IASB EXPOSURE DRAFT ON INCOME TAX

Dear Sirs,

Madrid, 30th of July 2009

SEOPAN is the mayor national constructors association in Spain, and in our member group there can be found all the Spanish stock infrastructure companies (six of them) which in 2008 achieve a total income of 66.205 million Euros, representing 6% of Spanish GDP. SEOPAN also is an active member of the Spanish Confederation of Enterprises (CEOE) and we represent Spain in the European Construction Industry Federation (FIEC) which has recently celebrated its annual congress in Madrid.

We welcome the opportunity to comment on the proposals set out in the Exposure Draft on Income Tax.

First of all we want to remark that we strongly support the objective of the project to amend IAS 12 in ways that will reduce the existing differences between IFRS and US GAAP in accounting for income tax, as we consider it is absolutely necessary to have a single set of global accounting standards

This is most important, in cases like the present one, in which the application in the past of the two different standards and the different definition of tax basis, have supposed absolutely different accounting treatments depending on the standard applied with a material impact. We refer, for instance, to the case where a company, due to a tax authorities decision, cannot recover for tax purposes the acquisition cost of an asset through (tax) depreciation during its useful life but can recover it, on sale or destruction at the end of its useful life. In this case, according to current IAS 12, it would be necessary to recognize a tax liability that otherwise would not have been recognized if the USGAAP approach was applied.

Regarding this, we support the decision to change the definition of tax base, so that tax base does not depend on management's intentions relating to the recovery or settlement of an asset but on the tax effects of selling the asset at the reporting date. We agree with the IASB that this will help to resolve the uncertainties that have arisen in practice, as the case mentioned in the former paragraph, and will contribute to a more faithful representation as explained in the attached answer to your questions.

In annexe attached to this letter you have additional comments to others issues mentioned in the draft.

Yours sincerely,

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