

EFRAG's draft comment letter on

Exposure Draft International Tax Reform – Pillar Two Model Rules

Questions to Constituents

18 Do you support the IASB's proposal to introduce a temporary mandatory exception to the accounting for deferred taxes arising from the implementation of the Pillar Two model rules, including the qualified domestic minimum top-up tax?

Yes

19 Do you support the IASB's proposal to extend a temporary mandatory exception also to the disclosures about potential deferred taxes arising from the implementation of the Pillar Two model rules?

After the implementation of the Pillar Two model rules, we think that shouldn't be forbidden to disclose information about potential deferred taxes.

20 Do you think it is necessary to encourage the IASB to clarify whether and how paragraph 4A of the ED is applicable in situations outside the context of consolidated financial statements of the ultimate parent entity (e.g., subsidiary's separate financial statements level or sub-group consolidated financial statements level)?

We think that should be applicable in situations outside the context of consolidated financial statements of the ultimate parent entity. Although, as some are arising some doubts we it will be useful if IASB clarify it.

38 Do you consider that the disclosure requirements included in paragraph 88C (b) of the ED will result in providing users of financial statements with insights into an entity's potential exposure to paying top-up tax? Do you consider that the benefit of providing this disclosure requirement would outweigh the cost of preparing this information? Is there any other indication that could provide users with better insights into an entity's potential exposure to paying top-up tax but that would not involve undue cost or effort?

As the effective tax rate are calculated according IAS 12, which probably will be different from the effective tax rate calculated according Pillar 2 Model Rules, we consider that the disclosure requirements included in paragraph 88C (b) of the ED could be useful.

44 Are there any additional questions or issues that should be taken into consideration by EFRAG in its Final Comment Letter?

We think there should be a mandatory disclose concerning the non-application of Pillar 2 rules for firms with consolidated revenues over 750 M €, when applicable.

Lisbon, 17th February 2023

