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Ref: DT/UKEB  
Your ref:

Dear Sir

## UK Endorsement Board ('UKEB') Regulatory Strategy 2023/24 (draft)

Ernst & Young LLP welcomes the opportunity to comment on 'UKEB Regulatory Strategy 2023/24 (draft)' (the Consultation'). The Consultation usefully sets out the purpose, statutory functions and achievements of the UK Endorsement Board (UKEB) in its first year of operation, 2022/23.

Our main concern is to highlight the importance of prioritising the UK-adoption of 'International Tax Reform – Pillar Two Model Rules' once a final standard is issued by the IASB. ED/2023/1 'International Tax Reform—Pillar Two Model Rules' (the ED) provides for a mandatory temporary exception from recognition and disclosure of deferred tax related to Pillar Two income taxes. There are significant interpretation and implementation difficulties in applying IAS 12 'Income Taxes' ('IAS 12') to the Pillar Two Model Rules, which is why this relief is to be provided. Given that the IASB may only issue a final standard in Q2, 2023, issuers will want clarity as to what requirements will apply in half-yearly or quarterly reporting.

We note the large number of projects listed in the UKEB workplan for 2023/24, many of which have a level of workload denoted as 'significant' as well as several potential UK-adoption projects. The UKEB will need to ensure that it has sufficient resource to cover all the projects listed in the workplan and to deal with any urgent issues that may require attention. As noted in Section 5 of the Consultation, the UK-adoption process needs to be commenced in good time to allow the process to be completed. We believe it is important for high-quality reporting that UK entities can generally expect that the UK-adoption processes will be completed such that they will be able to prepare for and apply a standard, interpretation or amendment with the same effective date as with full IFRS as issued by the IASB.

Yours faithfully,

Ernst & Young LLP  
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