

Invitation to Comment

Call for comments on Draft Endorsement Criteria Assessment of *International Tax Reform—Pillar Two Model Rules* (Amendments to IAS 12)

Deadline for completion of this Invitation to Comment:

Close of business, Monday 10 July 2023

Please submit to:

UKEndorsementBoard@endorsement-board.uk

Introduction

The objective of this Invitation to Comment is to obtain input from stakeholders on the endorsement and adoption of *International Tax Reform—Pillar Two Model Rules* (Amendments to IAS 12) (the Amendments), published by the International Accounting Standards Board (IASB) in May 2023. The Amendments provide a mandatory temporary exception from deferred tax accounting in relation to Pillar Two top-up taxes alongside targeted disclosure requirements. The exception from deferred tax accounting will be effective immediately and retrospectively, together with the requirement to disclose that it has been applied. The targeted disclosure requirements will be effective for annual periods beginning on or after 1 January 2023. The information collected from this Invitation to Comment is intended to help with the endorsement assessment.

UK endorsement and adoption process

The requirements for UK adoption are set out in Statutory Instrument 2019/685¹.

The powers to formally adopt international accounting standards for use in the UK were delegated to the UK Endorsement Board in May 2021².

¹ The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019: <https://www.legislation.gov.uk/ukxi/2019/685/made>

² The International Accounting Standards (Delegation of Functions) (EU Exit) Regulations 2021: <https://www.legislation.gov.uk/ukxi/2021/609/contents/made>

Who should respond to this Invitation to Comment?

Stakeholders with an interest in the quality of accounts prepared in accordance with IFRS Accounting Standards.

How to respond to this Invitation to Comment

Please download this document, answer any questions on which you would like to provide views, and return it to UKEndorsementBoard@endorsement-board.uk by close of business on Monday 10 July, 2023.

Brief responses to individual questions are welcome, as well as comprehensive responses to all questions.

Privacy and other policies

The data collected through submitting this document will be stored and processed by the UKEB. By submitting this document, you consent to the UKEB processing your data for the purposes of influencing the development of and adopting IFRS for use in the UK. For further information, please see our Privacy Statements and Notices and other Policies (e.g. Consultation Responses Policy and Data Protection Policy)³.

The UKEB's policy is to publish on its website all responses to formal consultations issued by the UKEB unless the respondent explicitly requests otherwise. A standard confidentiality statement in an e-mail message will not be regarded as a request for non-disclosure. If you do not wish your signature to be published, please provide the UKEB with an unsigned version of your submission. The UKEB prefers to publish responses that do not include a personal signature. Other than the name of the organisation/individual responding, information contained in the "Your Details" document will not be published. The UKEB does not edit personal information (such as telephone numbers, postal or e-mail addresses) from any other response document submitted; therefore, only information that you wish to be published should be submitted in such responses.

³ These policies can be accessed from the footer in the UKEB website here: <https://www.endorsement-board.uk>

Assessment against endorsement criteria

Our draft assessment concludes that:

- the Amendments meet the criteria of relevance, reliability, understandability and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management, as required by SI 2019/685 (see Regulation 7(1)(c));
- application of the Amendments is not contrary to the principle that an entity's accounts must give a true and fair view as required by SI 2019/685 (see Regulation 7(1)(a)); and
- that the Amendments are likely to be conducive to the long term public good in the UK as required by SI 2019/685 (see Regulation 7(1)(b)), having considered:
 - whether they will generally improve the quality of financial reporting;
 - the costs and benefits that are likely to result from their use; and
 - whether they are likely to have an adverse effect on the economy of the UK, including on economic growth.

Our assessment of the Amendments is set out in **Section 2** of the DECA in the pages indicated below:

	Page
Rationale for the Amendments	10
Technical accounting criteria assessment	12-15
True and fair view	15
UK long term public good (including costs and benefits for preparers and users)	1-18

Questions

Technical accounting criteria assessment

1. Do you agree with the draft assessment of the Amendments against the technical accounting criteria? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
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2. Please include any comments you may have in response to question 1:

We have no further comments for this section.

True and fair view

3. Do you agree with the draft assessment that the Amendments **are not contrary to the true and fair view requirement?** (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
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4. Please include any comments you may have in response to question 3:

We have no further comments for this section.

UK long term public good

5. Do you agree with the initial assessment of **costs and benefits for preparers and for users** of the Amendments? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
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6. Please include any comments you may have in response to question 5, including if any costs or benefits have been omitted:

We welcome the amendments to the disclosure requirements which enable us to provide meaningful information on our exposure to pillar two income taxes.
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7. Do you agree with the draft assessment that the Amendments are likely to be conducive to the **long term public good in the UK?** (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
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8. Please include any comments you may have in response to question seven:

We are supportive of the International Tax Reform amendments to IAS 12, which provide an exception from accounting for deferred tax arising from the Pillar Two model rules, and the revised disclosure requirements relating to the impact of Pillar Two.

Thank you for completing this Invitation to Comment

Please submit this document

by close of business on Monday 10 July 2023 to:

UKEndorsementBoard@endorsement-board.uk