



KPMG LLP
Audit
15 Canada Square
London E14 5GL
United Kingdom

Pauline Wallace
Chair
UK Endorsement Board
8th Floor
125 London Wall
London
EC2Y 5AS

Your ref

Our ref **bg/jg**

By email to:
UKEndorsementBoard@endorsement-board.uk

6 March 2023

Dear Pauline

**Response to Invitation to Comment on the Exposure Draft ED/2023/1
International Tax Reform – Pillar Two Model Rules: Proposed amendments to
IAS 12**

We welcome the opportunity to provide final comment on the UK Endorsement Board's (UKEB) comment letter to the IASB on Exposure Draft ED/2023/1 International Tax Reform – Pillar Two Model Rules: Proposed amendments to IAS 12 after having participated in the UKEB roundtable held on the matter.

We broadly agree with the drafting of the comment letter in particular with the strong support for the mandatory exception from accounting for deferred tax arising from Pillar Two model rules and the absence of a sunset clause as well as the accelerated timetable.

We understand the concerns raised by stakeholder regarding the disclosure requirements and agree that establishing disclosure principles rather a prescriptive list of disclosure requirements might have resulted in a better standard.

We note however, that it is critical to finalise the proposed amendments to IAS 12 as quickly as possible because some jurisdictions may enact or substantively enact their Pillar Two tax laws before 31 March 2023 and a number of jurisdictions are expected to do so before 30 June 2023. We would not want the amendments to be delayed on the grounds of re-drafting disclosure requirements, the majority of which are intended to only apply in the short term.

We believe that for most entities reference to the general materiality requirements in IAS 1 would be a sufficient guiding line to ensure relevant information is included.

Yours sincerely

KPMG LLP