

Due Process Compliance Statement: *Exposure Draft: International Tax Reform – Pillar Two Model Rules: Amendments to IAS 12*

General UKEB requirements: The UKEB adopts international accounting standards for use within the UK, in accordance with SI 2019/685 and applies its own processes before it decides to endorse and adopt a new or amended international accounting standard.

Exposure Draft: *International Tax Reform – Pillar Two model rules: Amendments to IAS 12* was published on 9 January 2023. The IASB comment period ends 10 March 2023.

Influencing process			
Step	Mandatory / optional ¹	Metrics or evidence	UKEB Secretariat comments
Project Preparation			
Technical project added to UKEB technical work plan [Due Process Handbook (Handbook) 4.30(d)]	Mandatory	Project is included in the UKEB published technical work plan.	Complete: the Amendments were included in the UKEB technical work plan published in December 2022 .

¹ In accordance with the [Due Process Handbook](#).

Influencing Process			
Step	Mandatory / optional ¹	Metrics or evidence	UKEB Secretariat comments
Project preparation (continued)			
Project Initiation Plan (PIP) [Handbook 5.4 to 5.8 and 5.13 to 5.14]	Mandatory	PIP draft with project outline (background, scope, project objective) and approach for influencing (key milestones and timing) proportionate to the project	Complete: taking a proportionate approach, the Secretariat included mandatory milestones for the project and considered, as appropriate, other milestones and activities. The PIP was approved at the 23 February 2023 Board meeting.
	Mandatory	Outreach plan for stakeholders and communication approach outlined	Complete: the Secretariat organised roundtables for accounting firms and institutes and for preparers and investors. The Secretariat also discussed the Amendments with the Investors Advisory Group.
	Mandatory	Resources allocated	Complete: one project manager supported and overseen by one senior project director, with communications and economics team support.

Influencing Process			
Step	Mandatory / optional ¹	Metrics or evidence	UKEB Secretariat comments
Project preparation (continued)			
Project Initiation Plan (PIP) [Handbook 5.4 to 5.8 and 5.13 to 5.14] (continued)	Mandatory	Assessment of whether to set up an ad-hoc advisory group	Complete: assessed. Taking a proportionate approach, an ad-hoc advisory group was not considered necessary due to the narrow-scope nature of the Amendments.
PIP is approved at public meeting [Handbook 5.4]	Required	UKEB Board public meeting held to approve PIP	Complete: the PIP was approved at the 23 February 2023 Board meeting.

Influencing process			
Step	Mandatory / optional ¹	Metrics or evidence	UKEB Secretariat comments
Project Preparation (continued)			
Education sessions [Handbook 4.10]	Optional	Board provided with education sessions on tax reform and accounting.	<p>Complete: HMRC Pillar Two policy experts provided an explanation of the background to the reform and of how Pillar Two works at the January 2023 private Board meeting.</p> <p>At the February 2023 private Board meeting the Secretariat explained why accounting for deferred tax in relation to the Pillar Two model rules is impracticable and therefore why the exception is necessary.</p>
Desk-based research [Handbook 5.9]	Optional	Review of relevant documentation, both on the tax and the accounting requirements.	<p>Complete: the Secretariat has reviewed:</p> <ul style="list-style-type: none"> • The OECD model rules; • OECD guidance on the Pillar Two model rules; • UK draft legislation; • The IASB's work on the Amendments (staff papers, ED); • The Basis for Conclusions to the ED; • Other standard-setters' views; and • Accounting manuals and press releases for guidance and illustrative examples.

Influencing Process			
Step	Mandatory / optional ¹	Metrics or evidence	UKEB Secretariat comments
Communications			
Public board meetings	Mandatory	UKEB public meetings held to discuss technical project	<p>Complete: The Secretariat gave an overview to the Board at the December 2022 meeting. The Board held technical discussions at the January and February 2023 Board meetings.</p> <p>23 February 2023: the Board approved the PIP and DCL.</p> <p>An additional Board meeting on 7 March 2023 was held to approve the FCL after the February board meeting and before the IASB's deadline of 10 March 2023.</p>

Influencing process			
Step	Mandatory / optional ¹	Metrics or evidence	UKEB Secretariat comments
Communications (continued)			
Secretariat papers	Mandatory	Board meeting papers posted and publicly available on a timely basis.	<p>Complete: The UKEB’s December, January and February meeting papers were published on the UKEB website one week before the public meetings. Meeting minutes and recordings were made publicly available via the UKEB website. Subscribers were notified via the UKEB News Alerts.</p> <p>However, in order to meet the IASB’s shortened (60-day) comment deadline on this urgent issue, the Board sanctioned a shortened (7-day) comment period for the draft comment letter (DCL) from 24 February 2023 to 3 March 2023 and scheduled an additional meeting on 7 March 2023 to approve the final comment letter (FCL).</p> <p>In order to allow the Secretariat to produce papers that take account of all comments received, the Board sanctioned the delivery of a late paper for the additional meeting.</p> <p>Therefore, in accordance with handbook paragraph 4.20, the delivery of a late paper was agreed in public.</p> <p>Without this deviation, the UKEB could not have met the IASB’s shortened 60-day comment deadline.</p>

Influencing Process			
Step	Mandatory / optional ¹	Metrics or evidence	UKEB Secretariat comments
Communications (continued)			
Project webpage	Optional	Project webpage contains a project description with up-to-date information on the project.	Complete: The project webpage was created in January 2023. It is updated regularly with the project status and additional materials.
News Alerts [Handbook A4d]	Optional	Evidence that subscriber alerts have occurred	<p>Complete: Subscribers were alerted via email 5 days before each Board meeting, with links to the agenda, papers and the option to dial in to observe the discussion. For the additional meeting on 7 March 2023, subscribers were alerted to the meeting and agenda 5 days beforehand and to the fact that papers would be issued closer to the meeting. Subscribers were notified of the issue of the papers on the day before the meeting.</p> <p>A News Alert was also issued, alerting subscribers to the roundtable for Preparers and Investors.</p> <p>We further issued targeted communications via advisory groups' networks.</p>

Influencing process			
Step	Mandatory / optional ¹	Metrics or evidence	UKEB Secretariat comments
Outreach			
Outreach activities [Handbook 5.11 – examples of outreach activities included at A4 and of fieldwork, a subset of outreach, at A7]	Mandatory	Gather input from investors, preparers and accounting firms and institutes as outlined in the PIP.	<p>Complete: We have:</p> <ul style="list-style-type: none"> gathered input from the Investors Advisory Group (A4(a)); held roundtables with (a) preparers and investors and (b) accounting firms and institutes, both attended by over 20 people (A4(b)); (A7(d)); held interviews with two accounting firms; issued a questionnaire to ask about the costs and benefits of implementing the Amendments (A4(c)) and (A7(b)); emailed subscribers to the UKEB website with associated news alerts (A4(d)); requested feedback on the DCL via the Invitation to Comment document placed on the webpage (A4(e)); arranged an informal meeting with the FRC (A4(h)); and invited the IASB to observe our roundtables (A4(h)).

Influencing process			
Step	Mandatory / optional ¹	Metrics or evidence	UKEB Secretariat comments
Preparation of documents for public comment			
DCL published for comment (generally mandatory) [Handbook paragraphs 5.13 to 5.17]	Generally mandatory	DCL published on website.	Complete: The Secretariat published the approved DCL on the UKEB website for a 7-day comment period from 24 February 2023 to 3 March 2023, sent out news alerts and distributed the DCL to roundtable participants and advisory groups.

Influencing process			
Step	Mandatory / optional¹	Metrics or evidence	UKEB Secretariat comments
Project finalisation and project closure			
FCL submitted before comment period ends. [Handbook paragraph 5.18]	Mandatory	Submitted before 10 March 2023 and published on UKEB website.	Additional meeting on 7 March 2023 approved FCL for publication. FCL submitted 9 March 2023.
Feedback statement and due process compliance statement for influencing stage of project [Handbook paragraphs 5.19 and 5.23]	Mandatory	This document and Feedback Statement published on website.	Secretariat published Feedback Statement and Due Process Compliance Statement on UKEB website on 30 March 2023.
Conclusion			
<p>The IASB's ED was published on 9 January 2023 with a comment deadline of 10 March 2023. The influencing project was organised to ensure the UKEB comment letter was informed by views from UK stakeholders while still meeting the IASB's comment deadline. To achieve this the DCL was issued for a short (7-day) comment period, and the FCL was presented as a late paper to the Board at an additional meeting.</p> <p>In the Secretariat's opinion, overall, this project complies with the applicable due process steps, as set out in the Handbook at the time of writing.</p>			