

Final Comment Letter on the Exposure Draft *International Tax Reform – Pillar Two Model Rules*

Executive Summary

Project Type	Influencing
Project Scope	Narrow-scope amendment
Purpose of the paper	
<p>The purpose of this paper is to obtain Board feedback and approval for the following:</p> <ul style="list-style-type: none">a) Issue of a Final Comment Letter (FCL) on the IASB Exposure Draft (ED) <i>International Tax Reform – Pillar Two Model Rules: Amendments to IAS 12</i>;b) The (draft) Due Process Compliance Statement (DPCS). <p>In addition, the Board is asked for any comments on the draft Feedback Statement.</p>	
Summary of the Issue	
<p>The IASB published the ED on 9 January 2023 with a comment period of 60 days.</p> <p>As agreed by the Board at its February meeting, on 24 February 2023 the Secretariat issued the Draft Comment Letter (DCL) on the IASB ED <i>International Tax Reform – Pillar Two Model Rules: Amendments to IAS 12</i> for a short comment period of 7 days. The UKEB's comment deadline was 3 March 2023.</p> <p>The UKEB DCL welcomed the ED. It supported its objectives, the accelerated timetable set by the IASB and the introduction of a mandatory temporary exception from accounting for deferred tax arising from the Pillar Two model rules. In addition, it set out some potential enhancements to the proposals, identified from our analysis and outreach with stakeholders.</p> <p>Stakeholder responses to the DCL, now published on the project webpage, broadly but not entirely agreed with the UKEB draft position. This paper summarises the feedback received and the resulting possible changes to the UKEB comment letter. We have included detailed questions for the Board regarding the feedback on (i) scope; (ii) disclosure before Pillar Two legislation is effective; and (iii) disclosure once Pillar Two legislation is effective.</p> <p>Once the FCL is approved for publication, the FCL will be submitted to the IASB in time for its 10 March 2023 comment deadline and published on the UKEB website. The final Feedback Statement will be brought to the Board's 23 March 2023 meeting for approval, together with the final DPCS for noting.</p>	

Decisions for the Board
<p>Decision</p> <p>Subject to any amendments arising at this meeting, does the Board approve:</p> <ul style="list-style-type: none">• the Final Comment Letter for issue to the IASB and publication on the UKEB website?• The (draft) DPCS for the influencing stage? <p>Does the Board have any comments on the draft Feedback Statement?</p>
Recommendation
<p>The Secretariat recommends that, subject to any amendments agreed at this meeting, the Board approves the FCL for issue and publication, and the draft DPCS.</p>
Appendices
<p>Appendix A Final Comment Letter</p> <p>Appendix B Feedback Statement</p> <p>Appendix C (Draft) Due Process Compliance Statement</p>

Purpose

1. This paper provides the Board with the following:
 - a) The Final Comment Letter (DCL) on the IASB Exposure Draft (ED) *International Tax Reform – Pillar Two Model Rules: Amendments to IAS 12 (the Amendments)*.
 - b) The draft Feedback Statement.
 - c) The draft Due Process Compliance Statement (DPCS) on the influencing process for this project.

Background

2. The Pillar Two model rules introduce a minimum tax rate for entities and groups with turnover of €750m or above. In jurisdictions where an entity or group's effective tax rate is below 15%, the model rules require the entity or group to top up the tax it pays to that rate.
3. Stakeholders have expressed concern around the complexities of accounting for income taxes in respect of the Pillar Two model rules, and especially around accounting for deferred taxes.
4. In response to this stakeholder feedback, the IASB published the Exposure Draft (ED) *International Tax Reform—Pillar Two Model Rules* on 9 January 2023.
5. Stakeholders highlighted to the IASB that there is an urgent need for clarity due to the expected enactment of the Pillar Two model rules in 2023 across multiple jurisdictions, including the UK. The IASB therefore plans to introduce the amendments to IAS 12 on an accelerated timetable. The ED is open for comment for 60 days until 10 March 2023, and the IASB aims to finalise any amendments in Q2 2023.
6. Information on the background to the ED was included in the meeting papers for the January 2023 Board meeting (see [Paper 5, the IASB general update](#)), and the December 2022 Board meeting (see [Paper 6, the IASB general update](#)). An education session on the tax reform was provided to the Board as part of its private meeting in January 2023. An education session on the ED's proposals was provided to the Board at its February 2023 private Board meeting.
7. We conducted outreach activities to inform our DCL. In early February, we organised two roundtables, one for accounting firms and institutes by invitation only, and a publicly advertised roundtable aimed at preparers and investors. Both had over 20 attendees. We also discussed the ED at the Investors Advisory Group in February 2023.

8. The Board further discussed the DCL at its February meeting, making a number of suggestions, and approved it for [issue in draft form](#).
9. The DCL set out that the UKEB welcomes the ED. The UKEB supports its objectives, the accelerated timetable set by the IASB and the introduction of a mandatory temporary exception from accounting for deferred tax arising from the Pillar Two model rules. The DCL also made recommendations for enhancement of the proposed disclosures. Following feedback from stakeholders, these include considering replacing the current detailed requirements with a more general disclosure requirement, or at least, the inclusion of a disclosure objective. However, we also recommend the IASB does not delay publication of the Amendments solely to perfect the disclosures.
10. Following the Board's approval of the DCL for public consultation, the DCL was published on the UKEB website.
11. Alongside public news alerts and LinkedIn posts, targeted emails were sent to the Accounting Firms and Institutes Advisory Group, the Preparers Advisory Group and the Investors Advisory Group as well as to those who signed up to the roundtables, alerting them to the publication of the DCL.

Feedback received on the DCL

12. Feedback was received from three stakeholders (one preparer and two accounting firms). These stakeholders agreed with the UKEB draft position on:
 - the proposed mandatory temporary exception and the requirement to disclose that it has been applied;
 - the requirement to disclose current tax expense (income) related to Pillar Two separately once Pillar Two legislation is effective (paragraph 88B); and
 - the effective date of the Amendments.

Scope

13. One stakeholder was unsure if they agreed with the UKEB's suggestion to delete the word 'income' in paragraph 4A of the Amendments. Their concern was that, if taxes that are not income taxes are introduced into IAS 12, then there is a risk of widening the scope of IAS 12 (introducing 'scope creep').
14. If the Board shared this concern, an alternative would be to recommend more generally that the IASB clarifies the scope question.

Question for the Board

1. Does the Board wish to keep paragraph A7 as drafted, or replace it with a broader recommendation for the IASB to clarify whether and which Pillar Two taxes are included within the scope of IAS 12?

Disclosure before Pillar Two legislation is effective

15. All three stakeholders shared the UKEB's concerns that:
 - a) The information required by 88C (a) was unclear.
 - b) The information required by 88C (b) could be a poor proxy for information calculated on a Pillar Two basis.
 - c) The information required by 88C (c) does not provide a sufficient corrective to the information required under 88C (b).
16. Two stakeholders agreed with the UKEB's draft position that the IASB should adopt a different approach to disclosures and welcomed the UKEB's suggested general disclosure requirement.
17. One of these stakeholders considered that including a disclosure objective alone would not fully address the risk that paragraph 88C as drafted would result in unhelpful, and potentially misleading, information. This stakeholder considered that a disclosure objective needed to be supported with "*conditions, factors to consider or specific disclosure requirements*" to guide reporting entities.
18. The third stakeholder, however, thought that while the framework proposed by the IASB in paragraph 88C did appear to have limitations, it should aid comparability, at least within a jurisdiction. That stakeholder considered that the UKEB's proposal would not necessarily achieve that.

Question for the Board

2. Does the Board wish to retain its recommendation that the IASB replace the detailed requirements in 88C with a general disclosure requirement based on the disclosure objective?

19. One of the stakeholders that agreed with replacing the detailed requirements with a general disclosure requirement further considered that the UKEB, having recommended a general disclosure requirement, should not comment on the specific disclosure requirements within paragraph 88C because retaining any part of that paragraph would not provide useful information on the expected impact of Pillar Two (FCL paragraphs 19 to 21 and A22 to A24).

20. If the Board decides that it does still wish to comment on the specific disclosures proposed at paragraph 88C, the Board could include an additional recommendation (paragraph A23) to address stakeholder concerns. This new draft paragraph would be intended to act as a stronger corrective to any inadequacy of the IAS 12 weighted average effective tax rate as a proxy for the Pillar Two effective tax rate. New paragraph A24 could also be included to emphasise the Board's preference for the general disclosure requirement.
21. One stakeholder further observed that it was unclear whether the assessments mentioned at paragraph 88C(c) are required. We have added in a sentence at A16 to reflect this feedback.
22. Finally, one stakeholder noted that, if the IASB does publish examples, it would be most useful if they were published at the same time as the Amendments. Should the Board wish to reflect this comment in the FCL, the Secretariat suggests that this could be achieved by incorporating additional text at paragraphs 22 and A25 and amending paragraphs 14 and A17.

Questions for the Board

3. Does the Board wish to retain its comments on the specific proposals in draft paragraph 88C?
4. If so, does the Board wish to include the additional recommendation at paragraphs 20/21 and A23/A24?
5. Does the Board agree to including the point that, if the IASB includes illustrative examples or guidance, it would be most useful if this was done at the same time as the Amendments are issued?

Disclosure once Pillar Two legislation is effective

23. One stakeholder commented that it is unclear why the UKEB draft position recommended the general disclosure requirement be retained even after Pillar Two legislation is effective, once the requirement to disclose current tax expense separately applies (FCL paragraphs 18 and A21).

Question for the Board

6. Does the Board wish to retain the recommendation that the general disclosure requirement should apply after Pillar Two legislation is effective, retaining FCL paragraphs 18 and A21?

Final Comment Letter (FCL)

24. The FCL is attached for consideration and, subject to amendments agreed by the Board, approval for issue to the IASB and publication on the UKEB website.

Feedback Statement

25. The draft Feedback Statement relating to the DCL is attached for consideration and approval. The draft Feedback Statement notes where the UKEB final position is subject to the Board's decision.

Due Process Compliance Statement (DPCS)

26. The draft DPCS on the influencing stage of this project is attached for consideration. A final version will be brought back to the 23 March 2023 meeting for noting once the process is complete.

Questions for the Board

7. Subject to any amendments agreed at this meeting, does the Board approve
- the Final Comment Letter for issue to the IASB and publication on the UKEB website?
 - the draft DPCS for the influencing stage?
8. Does the Board have any comments on the draft Feedback Statement?

Next steps

27. The IASB is expected to issue the final Amendments by early June. The Secretariat will prepare a Draft Endorsement Criteria Assessment (DECA) on those Amendments. The DECA will be brought to the June UKEB meeting for approval to be issued for public consultation.
28. Subject to UKEB Advisory Groups confirming the need for the Amendments remains urgent, the DECA will be published for a 14-day comment period with a view to an endorsement decision in July, as agreed by the Board at its February 2023 meeting.

29. If the IASB does not issue the Amendments by early June (contrary to the current expectation), the project plan would be reassessed and revised proposals on the ECA project timeline brought back to the Board.

Dr Andreas Barckow
Chairman
International Accounting Standards Board
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7 Westferry Circus
Canary Wharf
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10 March 2023

Dear Dr Barckow

Exposure Draft ED/2023/1 International Tax Reform – Pillar Two Model Rules: Proposed amendments to IAS 12

1. The UK Endorsement Board (the UKEB) is responsible for endorsement and adoption of IFRS for use in the UK and therefore is the UK's National Standard Setter for IFRS. The UKEB also leads the UK's engagement with the IFRS Foundation on the development of new standards, amendments and interpretations. This letter is intended to contribute to the Foundation's due process. The views expressed by the UKEB in this letter are separate from, and will not necessarily affect the conclusions in, any endorsement and adoption assessment on new or amended International Accounting Standards undertaken by the UKEB.
2. There are currently approximately 1,500 entities with equity listed on the London Stock Exchange that prepare their financial statements in accordance with IFRS Standards.¹ In addition, UK law allows unlisted companies the option to use IFRS and approximately 14,000 such companies currently take up this option.²
3. We welcome the opportunity to provide comment on the International Accounting Standards Board (IASB) Exposure Draft (ED) *International Tax Reform: Pillar Two Model Rules* (the Amendments). In developing this letter, we have consulted with a number of stakeholders, including preparers, accounting firms and institutes and users of accounts.
4. We support the IASB's objectives as well as the accelerated timetable for the development of the Amendments. In the light of the uncertainties surrounding the

¹ UKEB calculation based on LSEG and Eikon data. This calculation includes companies listed on the Main market as well as on the Alternative Investment Market (AIM).

² UKEB estimate based on FAME, Companies Watch and other proprietary data.

application of IAS 12 *Income Taxes* to Pillar Two income taxes, and in particular the challenges in accounting for deferred tax arising from the Pillar Two model rules, we consider it important to provide clarity and minimise the risk of diversity in accounting practice as quickly as possible.

Accelerated timetable

5. We agree that the project needs to be treated as urgent. Pillar Two legislation is already in the process of being enacted in multiple jurisdictions. In the UK, legislation implementing Pillar Two model rules (enacting both the Income Inclusion Rule (IIR) and a Domestic Minimum Tax (DMT)) is expected to be laid in the next Finance Bill. While parliamentary timetables are inherently uncertain, this legislation is currently expected to be substantively enacted³ before the House of Commons goes into its summer recess (provisionally scheduled for 20 July 2023). In the UK, both the IIR and DMT are expected to apply to financial accounting periods beginning on or after 31 December 2023.
6. Given this expected timetable for substantive enactment of the legislation in the UK, absent the Amendments, UK entities may need to reflect Pillar Two income taxes in their deferred tax accounting from mid-2023 onwards. This could affect the interim accounts of entities with December year ends and the annual accounts of entities with year ends from May 2023 onwards. Provisional data indicates there are at least ten listed and a number of unlisted IFRS reporters in the UK with May or June year ends that are likely to be within the scope of the Pillar Two model rules.
7. The UKEB would need to ensure that the Amendments are endorsed before those groups are able to use the proposed exception from deferred tax accounting. Consequently, the UKEB welcomes the IASB's accelerated timetable.

Mandatory temporary exception and 'sunset clause'

8. We agree with the introduction of a mandatory exception from accounting for deferred tax arising from the Pillar Two model rules and agree that the mandatory exception should be temporary. We also agree with the absence of a 'sunset clause'. This will allow the IASB to consider whether and, if so, how Pillar Two income taxes should be addressed within IAS 12 without undue pressure.
9. However, we consider that the IASB should commit to reviewing these Amendments, once stakeholders have developed experience of the tax requirements and have been able to consider the implications for deferred tax accounting.

³ In the UK, 'substantive enactment' is generally taken to be when a Finance Bill has been passed by the House of Commons and is awaiting only passage through the House of Lords and Royal Assent.

Detailed comments on ED proposals

10. As stated above, the UKEB supports the objectives of the Amendments. We recognise that the IASB has sought to require disclosures that will provide insight into an entity's potential exposure to Pillar Two top-up taxes without resulting in undue cost or effort for preparers. We also appreciate that the disclosures required during the period when the tax is substantively enacted but not yet effective are likely to have a maximum lifespan of one or two years. However, based on our analysis and on our outreach to-date with UK stakeholders, we are concerned that the proposed disclosure requirements may be unhelpful and, potentially, misleading. Nevertheless, we strongly recommend the IASB does not delay the publication of the Amendment solely to perfect these disclosures.
11. We have answered the ED's specific questions in the Appendix to this letter. Our main recommendations are set out in the following paragraphs.

Disclosures in the period when the Pillar Two rules are enacted or substantively enacted, but not yet in effect

12. ED paragraph 88C(b) and (c) require:

"In periods in which Pillar Two legislation is enacted or substantively enacted, but not yet in effect, an entity shall disclose for the current period only: [...]"

- (b) *the jurisdictions in which the entity's average effective tax rate (calculated as specified in paragraph 86) for the current period is below 15%. The entity shall also disclose the tax expense (income) and accounting profit for these jurisdictions in aggregate, as well as the resulting weighted average effective tax rate.*
- (c) *whether assessments the entity has made in preparing to comply with Pillar Two legislation indicate that there are jurisdictions:*
- (i) *identified in applying the proposed requirement in (b) but in relation to which the entity might not be exposed to paying Pillar Two income taxes; or*
- (ii) *not identified in applying the proposed requirement in (b) but in relation to which the entity might be exposed to paying Pillar Two income taxes."*

13. UK preparers and accounting firms expressed concerns that paragraph 88C (b) may result in qualitative and quantitative information that does not meet the objective expressed at BC19. They commented that the jurisdictional effective tax rate on an IAS 12 basis could be a poor proxy for the jurisdictional effective tax rate on a Pillar Two basis. We understand that the disclosures under paragraph 88C (c) are designed to indicate cases when an entity is aware that the

information provided under paragraph 88C (b) may be insufficient in isolation. However, stakeholders expressed concerns that 88C (c) does not provide a sufficient corrective, since it does not require any quantitative, or other detailed information.

General disclosure requirement

14. Given the challenges and concerns noted above, we recommend that the IASB considers replacing the detailed requirements in paragraph 88C with the disclosure objective, namely to help users of the accounts assess the entity's current and future exposure to paying top-up tax, based on assessments the entity has made in preparing to comply with Pillar Two legislation. This requirement could then be accompanied by some illustrative examples of how entities might meet that disclosure objective, possibly as educational guidance developed after the publication of the Amendments.
15. As different parts of the Pillar Two model rules are enacted and then become effective around the world, groups will have to report on many different economic and legal scenarios. The disclosures required during the period when the tax is substantively enacted but not yet effective are likely to have a short lifespan. A more flexible requirement, along the lines of our suggestion here, could facilitate the provision of relevant information tailored to an entity's need as their circumstances evolve over time. Additionally, it may be more useful appropriate than specific detailed requirements which may not meet the overall disclosure objective in all scenarios.
16. IAS 8 paragraphs 30 and 31 offer a precedent for entities to disclose known or reasonably estimable information relevant to assessing the possible impact of future events. They are applied in the context of the introduction of a new accounting standard. We consider that this context is similar, in that users need forward-looking information in respect of new regulatory requirements, albeit for taxation rather than accounting.
17. For example, a general disclosure requirement could include wording such as: "*An entity shall provide information, based on the assessments it has made to date in preparing to comply with Pillar Two legislation, to enable users to assess an entity's current and future exposure to paying Pillar Two top-up tax, the jurisdictions that are the primary cause of such exposure and, to the extent a reliable estimate can be made, the expected quantitative impact*".
18. We suggest that these general disclosure requirements should remain in place for the life of the temporary exception but should be reconsidered when the IASB reviews the Amendments, once most jurisdictions have implemented the Pillar Two model rules.

19. Should the IASB decide to retain detailed disclosure requirements as set out at 88C (a), (b) and (c), we recommend that the IASB incorporates the objective of the disclosure requirement, i.e. *"to help users assess an entity's exposure to paying top-up tax"* (ED/2023/01 paragraph BC19) in the disclosure requirement itself at paragraph 88C. In accordance with the findings of the IASB project *Disclosure Initiative—Principles of Disclosure*, including the objective of the disclosure would assist preparers and auditors in making judgements about what information users would find most relevant.
20. Furthermore, we consider the information required under 88C (c) should be specified, since as drafted it is not effective as a corrective to 88C (b). We recommend that for jurisdictions identified under 88C(c)(i), an entity should disclose the aggregate amount of the quantitative information provided under paragraph 88C(b) that relates to those jurisdictions, and for jurisdictions identified under paragraph 88C(c)(ii), an entity should disclose the aggregate accounting profits and average effective tax rate on an IAS 12 basis.
- 20.21. However, we understand such disclosures could be complex. Further, they may not fully address the risk that paragraph 88C as currently drafted may be unhelpful. Our preference, therefore, remains a more general disclosure requirement, such as the one suggested at paragraph 17 of this letter.
22. We further recommend that the IASB complements the ~~general~~ disclosure requirement with illustrative examples or educational guidance of the kinds of disclosure it expects from preparers to ensure consistency and quality of disclosure. If the IASB does publish examples or guidance, stakeholders have noted that they would be most useful if published at the same time as the Amendments.
- 21.23. We reiterate, however, that we would not wish the IASB Board to delay publication of the Amendments in order to perfect disclosure requirements or to produce examples or such guidance.
- 22.24. We support the IASB's proposals regarding disclosures in periods in which Pillar Two legislation is in effect and regarding the effective date and transition.
- 23.25. If you have any questions about this response, please contact the project team at UKEndorsementBoard@endorsement-board.uk.

Yours sincerely

Pauline Wallace
Chair

UK Endorsement Board

Appendix A: Questions on ED *International Tax Reform: Pillar Two Model Rules*

Question 1 – Temporary exception to the accounting for deferred taxes (paragraphs 4A and 88A)

IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The IASB proposes that, as an exception to the requirements in IAS 12, an entity neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

The IASB also proposes that an entity disclose that it has applied the exception.

Paragraphs BC13–BC17 of the Basis for Conclusions explain the IASB’s rationale for this proposal.

Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you would suggest instead and why.

- A1. For the reasons set out in the Basis for Conclusions, we support the proposed approach of requiring entities to neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.
- A2. We consider that this requirement will enhance the comparability of financial statements whilst providing entities with relief from the cost and complexities of deferred tax accounting in relation to Pillar Two income taxes.
- A3. We agree with the introduction of a mandatory exception from accounting for deferred tax arising from the Pillar Two model rules and agree that the mandatory exception should be temporary. We also agree with the absence of a ‘sunset clause’. This will allow the IASB to consider whether and, if so, how Pillar Two income taxes should be addressed within IAS 12 without undue pressure.
- A4. However, we consider that the IASB should commit to reviewing these Amendments, once stakeholders have developed experience of the tax requirements and have been able to consider the implications for deferred tax accounting.

- A5. Furthermore, we support the requirement for entities to state that they have applied the mandatory exception. We consider that this disclosure requirement will provide clarity over the accounting approach taken and increase users' confidence in the comparability of the financial statements.
- A6. IAS 12 applies to accounting for income taxes.⁴ Paragraph BC9 of the ED observes: "*Stakeholders generally agree that top-up tax is an income tax – in the scope of IAS 12 Income Taxes – in the consolidated financial statements of the ultimate parent entity of a group subject to the Pillar Two model rules. However, they have said that it is unclear whether top-up tax is an income tax in the financial statements of a group's subsidiaries [...]*". However, while the Amendments may be interpreted as implying that all taxes arising from Pillar Two are income taxes in the scope of IAS 12, the Amendments do not provide an explicit statement to that effect. This may risk increasing diversity in practice in the financial statements of a group's subsidiaries, thereby reducing the comparability of financial statements.
- A7. In order to provide clarity in this area, the IASB could consider removing the word "*income*" from the first sentence in paragraph 4A, so that it reads "*This Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules [...]*".
- A8. We also consider that paragraphs 88B and 88C could clarify that the Amendments require a reporting entity to disclose any exposure to top-up tax, even if that exposure arises in respect of a fellow subsidiary not within its control, for example.

Question 2—Disclosure (paragraphs 88B–88C)

The IASB proposes that, in periods in which Pillar Two legislation is enacted or substantively enacted, but not yet in effect, an entity disclose for the current period only:

- a) information about such legislation enacted or substantively enacted in jurisdictions in which the entity operates.
- b) the jurisdictions in which the entity's average effective tax rate (calculated as specified in paragraph 86 of IAS 12) for the current period is below 15%. The entity would also disclose the accounting profit and tax expense (income) for these jurisdictions in aggregate, as well as the resulting weighted average effective tax rate.

⁴ IAS 12 paragraph 2 states that "*For the purposes of this Standard, income taxes include all domestic and foreign taxes which are based on taxable profits.*"

Question 2—Disclosure (paragraphs 88B–88C)

- c) whether assessments the entity has made in preparing to comply with Pillar Two legislation indicate that there are jurisdictions:
- i. identified in applying the proposed requirement in (b) but in relation to which the entity might not be exposed to paying Pillar Two income taxes; or
 - ii. not identified in applying the proposed requirement in (b) but in relation to which the entity might be exposed to paying Pillar Two income taxes.

The IASB also proposes that, in periods in which Pillar Two legislation is in effect, an entity disclose separately its current tax expense (income) related to Pillar Two income taxes.

Paragraphs BC18–BC25 of the Basis for Conclusions explain the IASB’s rationale for this proposal.

Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you would suggest instead and why.

Disclosures in periods in which Pillar Two legislation is enacted or substantively enacted, but not yet in effect

- A9. We support the introduction of requirements for entities to disclose their exposure to Pillar Two income taxes once legislation is enacted or substantively enacted but not yet in effect. We consider that this requirement will go some way to mitigating the absence of deferred tax accounting for Pillar Two income taxes. However, we do not recommend the IASB ~~to delays~~ the publication of the Amendments solely to perfect these disclosures.
- A10. UK stakeholders agreed that the key objective of the disclosures should be to provide users of accounts with an indication of groups’ exposure to paying additional (top-up) taxes. Based on paragraph BC19, this appears to be the overall objective of the disclosures in paragraph 88C. We understand that detailed quantitative information about an entity’s exposure to Pillar Two income taxes will not initially be available because of the requirement to produce financial statements significantly ahead of the first Pillar Two return. Therefore, we agree that the IASB has sought to require disclosures that will provide insight without resulting in undue cost or effort.

- A11. Preparers we spoke to raised no concerns over their practical ability to provide the proposed disclosures under paragraph 88C. However, stakeholders (particularly preparers) expressed concerns that, as drafted, those disclosures may not be sufficient to achieve the objective and, at worst, could be misleading (see paragraphs A14 to A16 below).

Paragraph 88C (a)

- A12. UK stakeholders questioned the clarity of **paragraph 88C (a)** – for example, what does ‘information about legislation’ mean? They considered that the requirement in its current form would likely lead to disclosure of varying quality and potentially to lengthy disclosure of little informational value. Preparers were particularly concerned that the requirement does not appear to allow for the exercise of materiality judgements in the provision of this information (for example, regarding an entity’s operations in each relevant jurisdiction).
- A13. For example, if a parent company’s jurisdiction has enacted the Pillar Two Income Inclusion Rule, information about legislation enacted but not yet effective in subsidiary jurisdictions could be of minimal relevance from a group perspective. Nevertheless, such disclosure could appear to be required by 88C (a). We recognise, therefore, that entities and auditors will need to use judgement when meeting this requirement. We suggest incorporating a disclosure objective as explained below.

Paragraphs 88C (b) and (c)

- A14. UK preparers and accounting firms expressed concerns that **paragraph 88C (b)** may provide qualitative and quantitative information that does not meet the objective expressed at BC19. They commented that the jurisdictional effective tax rate calculated on an IAS 12 basis could be a poor proxy for the jurisdictional effective tax rate calculated on a Pillar Two basis.⁵
- A15. We understand that the disclosures under **paragraph 88C (c)** are designed to indicate cases when an entity is aware that the information provided under 88C (b) may be insufficient in isolation. UK [accounting firms and](#) preparers commented that the existence of 88C (c) highlights the inadequacy of the IAS 12 paragraph 86 effective tax rate as a proxy. Further, preparers expressed concerns that

⁵ For example, we have been told that a group could have an effective tax rate, calculated under IAS 12 paragraph 86, in a jurisdiction that is under 15% for specific reasons, such as a significant asset disposal which is exempt under a substantial shareholding rule or a participation exemption. Such a transaction would lower the jurisdictional effective tax rate under IAS 12 paragraph 86 but, we were informed, would not affect the group’s jurisdictional effective tax rate for Pillar Two purposes.

paragraph 88C (c) does not provide a sufficient corrective, since it does not require any quantitative, or other detailed information.

A16. Stakeholders expressed concern over the lack of clarity in the information required under 88C(c). First, if an entity has not completed its Pillar Two assessments, it might provide no information under 88C (c) at all. In addition, 88C (c) does not require any quantitative or other detailed information. Listing jurisdictions under paragraph 88C (c) would not give any indication as to the quantum of tax exposure in the relevant jurisdictions, so even with this additional information the disclosure under 88C (b) could be insufficient.

General disclosure requirement

A16.A17. Given the challenges and concerns noted above, we recommend that the IASB considers replacing the detailed requirements in paragraph 88C with a more general requirement to provide information sufficient to meet the objective, namely to help users of the accounts assess the entity's current and future exposure to paying top-up tax, based on assessments the entity has made in preparing to comply with Pillar Two legislation. This requirement could then be accompanied by some illustrative examples of how entities may meet that disclosure objective, possibly as educational guidance, developed after the publication of the Amendments.

A17.A18. As different parts of the Pillar Two model rules are enacted and then become effective around the world, groups will have to report on many different economic and legal scenarios. The disclosures required during the period when the tax is substantively enacted but not yet effective are likely to have a maximum lifespan of one or two years. A more flexible requirement, along the lines of our suggestion here, could facilitate the provision of relevant information tailored to an entity's need as their circumstances evolve over time. Additionally, it may be more appropriate-useful than specific detailed requirements which may not meet the overall disclosure objective in all scenarios.

A18.A19. IAS 8 paragraphs 30 and 31 offer a precedent for entities to disclose known or reasonably estimable information relevant to assessing the possible impact of future events. They are applied in the context of the introduction of a new accounting standard. We consider that this context is similar, in that users need forward-looking information in respect of new regulatory requirements, albeit for taxation rather than accounting.

A19.A20. For example, a general disclosure requirement could include wording such as: *"An entity shall provide information, based on the assessments it has made to date in preparing to comply with Pillar Two legislation, to enable users to assess an entity's current and future exposure to paying Pillar Two top-up tax, the*

jurisdictions that are the primary cause of such exposure and, to the extent a reliable estimate can be made, the expected quantitative impact”.

A20.— We suggest that these general disclosure requirements should remain in place for the life of the temporary exception, but should be reconsidered when the IASB reviews the Amendments, once most jurisdictions have implemented the Pillar Two model rules.

A21.

A21.A22.— Should the IASB decide to retain detailed disclosure requirements as set out at 88C (a), (b) and (c), we recommend that the IASB incorporates the objective of the disclosure requirement, i.e. “to help users assess an entity’s exposure to paying top-up tax” (ED/2023/01 paragraph BC19) in the disclosure requirement itself at paragraph 88C. In accordance with the findings of the IASB project *Disclosure Initiative—Principles of Disclosure*, including the objective of the disclosure would assist preparers and auditors in making judgements about what information users would find most relevant.

A23. Furthermore, we consider the information required under 88C (c) should be specified, since as drafted it is not effective as a corrective to 88C (b). We recommend that for jurisdictions identified under 88C(c)(i), an entity should disclose the aggregate amount of the quantitative information provided under paragraph 88C(b) that relates to those jurisdictions, and for jurisdictions identified under paragraph 88C(c)(ii), an entity should disclose the aggregate accounting profits and average effective tax rate on an IAS 12 basis.

A24. However, we understand such disclosures could be complex. Further, they may not fully address the risk that paragraph 88C as currently drafted may be unhelpful, and potentially misleading. Our preference, therefore, remains a more general disclosure requirement, such as the one suggested at paragraph 17 / A20.

A22.A25.— We further recommend that the IASB complements the ~~general~~ disclosure requirement with illustrative examples or educational guidance and examples of the kinds of disclosure it expects from preparers to ensure consistency and quality of disclosure. If the IASB does publish examples or guidance, stakeholders have noted that they would be most useful if published at the same time as the Amendments. However, we would not wish the Board to delay publication of the Amendments to produce such guidance.

Disclosures in periods in which Pillar Two legislation is in effect

A23.A26.— We support the proposed requirement for entities to disclose their current tax expense in relation to Pillar Two income taxes separately, once Pillar Two is effective. We consider that separate disclosure will provide useful information on

the impact of this new international tax, usefully compensating also for the temporary exception from deferred tax accounting for Pillar Two income taxes.

~~A24.~~~~A27.~~ However, IAS 12 has not previously required separate disclosure of a specific tax. We therefore recommend that the IASB includes the rationale for requiring this disclosure – which will be ongoing – within the Basis for Conclusions.

~~A25.~~~~A28.~~ UK preparers noted that paragraphs 88C (a), (b) and (c) require detail on the jurisdiction-by-jurisdiction impact of the Pillar Two model rules during the period between the Pillar Two model rules being enacted and coming into effect. This information exceeds the information required once Pillar Two legislation is in effect. UK preparers thought that the reason for requiring this additional detail for a short interim period only was unclear. They were concerned that the reduction in detail once Pillar Two was effective could be perceived as a lack of transparency.

Question 3—Effective date and transition (paragraph 98M)

The IASB proposes that an entity apply:

- a) the exception—and the requirement to disclose that the entity has applied the exception—immediately upon issue of the amendments and retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- b) the disclosure requirements in paragraphs 88B–88C for annual reporting periods beginning on or after 1 January 2023.

Paragraphs BC27–BC28 of the Basis for Conclusions explain the IASB’s rationale for this proposal. Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you would suggest instead and why.

A27. We agree with the IASB’s proposals regarding the effective date and transition.

Feedback Statement

IASB Exposure Draft: *International Tax Reform: Pillar Two Model Rules*

[DRAFT FOR BOARD REVIEW]

March 2023

The UK Endorsement Board (UKEB) is responsible for endorsement and adoption of IFRS for use in the UK and therefore is the UK's National Standard Setter for IFRS. The UKEB also leads the UK's engagement with the IFRS Foundation (Foundation) on the development of new standards, amendments and interpretations.

The comment letter to which this feedback statement relates forms part of those influencing activities and is intended to contribute to the Foundation's due process. The views expressed by the UKEB in this letter are separate from, and will not necessarily affect the conclusions in, any endorsement and adoption assessment on new or amended International Accounting Standards undertaken by the UKEB.

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Purpose of this feedback statement **DRAFT**

This feedback statement presents the views of UK stakeholders received during the UKEB's outreach activities on the IASB's Exposure Draft *International Tax Reform: Pillar Two Model Rules* and explains how the UKEB's comment letter addressed those views.



The IASB's Exposure Draft

DRAFT

Stakeholders have said that accounting for deferred tax on Pillar Two top-up tax would be impracticable and could lead to diversity in practice. In response, the IASB has issued an Exposure Draft (ED).

It proposes a **mandatory temporary exception** from accounting for deferred tax arising from the Pillar Two model rules. When the exception is applied, entities should state this fact.

Once the Pillar Two model rules are effective in a jurisdiction, the entity should present its Pillar Two current tax expense or income separately from other current tax expense or income. [ED paragraph 88B]



The IASB's Exposure Draft

DRAFT

During the period in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, an entity should present the following disclosures:

1. Information about such legislation enacted or substantively enacted in jurisdictions where the entity operates. [ED paragraph 88C (a)]
2. The jurisdictions where the entity's effective tax rate under IAS 12 is below 15%, the aggregate accounting profit and tax expense or income for those jurisdictions, and the resulting weighted average effective tax rate. [ED paragraph 88C (b)]
3. Whether assessments the entity has made in preparing for Pillar Two indicate that there are jurisdictions not included under ED paragraph 88C(b) where the entity considers it may be exposed to paying Pillar Two top-up tax, or included at ED paragraph 88C(b) where the entity considers it will not be exposed to paying Pillar Two top-up tax. [ED paragraph 88C (c)]



Outreach approach

DRAFT

The UKEB's outreach activities took place in January and February 2023.

As the ED related to an urgent narrow scope amendment, the UKEB applied a proportionate approach, enabling the IASB comment deadline to be met. We conducted outreach to develop our Draft Comment Letter (DCL).

We gathered feedback principally through an Investors' Advisory Group meeting and two roundtables, one for accounting firms and institutes and one for preparers and investors. We also held separate discussions with two accounting firms and the FRC.

All comments and views were considered in reaching the UKEB's views expressed in its final comment letter.

Seven separate discussions were held with stakeholders, including accounting firms and institutes who represented the views of wider groups.

Once the DCL was published, we shared it publicly as well as with our outreach participants.

Four responses to the DCL were received.

Stakeholder type	Number of discussions
Preparers	1
Auditors, accounting firms and professional bodies	4
Regulators/Standard Setters	1
Users	1

I. Scope, mandatory temporary exception and requirement to disclose application of the exception DRAFT

IASB proposal	UKEB draft position	Stakeholders' responses to DCL	UKEB final position
The Amendments apply to "[...] <i>income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules</i> [...]"	The Amendments do not state explicitly that all taxes arising from Pillar Two are income taxes in the scope of IAS 12. We suggested removing the word " <i>income</i> " from the scope paragraph, so that it reads " <i>This Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules</i> [...]".	One stakeholder raised a concern that deleting the word "income" could give rise to 'scope creep' if taxes that are not income taxes are introduced into IAS 12.	[Subject to Board decision]
As a mandatory temporary exception to the requirements in IAS 12, an entity shall neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. An entity shall disclose that it has applied the exception. [ED paragraphs 4A, 88A].	We agreed with the mandatory exception, and the disclosure that it has been applied. We further agreed that it should be temporary and that there should not be a 'sunset clause'.	Stakeholders agreed with the UKEB draft position.	Consistent with the draft position.

2. Disclosure requirements

DRAFT

IASB proposal	UKEB draft position	Stakeholders' responses to DCL	UKEB final position
An entity shall disclose separately its current tax expense (income) related to Pillar Two income taxes. [ED paragraph 88B]	We agreed with this requirement.	Overall, stakeholders agreed with the UKEB draft position.	Consistent with the draft position.
In periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, an entity shall disclose information about legislation enacted or substantively enacted in jurisdictions in which it operates. [ED paragraph 88C(a)]	<p>The UKEB questioned the clarity of this requirement.</p> <p>In the event that the IASB decide to retain 88C (a), (b) and (c), we suggested that the IASB includes the objective of the disclosure requirement. However, we did not recommend that the IASB delays publication of the Amendments solely to perfect any of the disclosure requirements.</p>	Stakeholders agreed with the UKEB draft position questioning the clarity of the requirement.	Consistent with the draft position.

3. Disclosure requirements (continued)

DRAFT

IASB proposal	UKEB draft position	Stakeholders' responses to DCL	UKEB final position
In periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, an entity shall disclose the jurisdictions in which its effective tax rate, as calculated under IAS 12 paragraph 86, is below 15%. The entity shall also disclose the tax expense (income) and accounting profit for these jurisdictions in aggregate, as well as the resulting weighted average effective tax rate. [ED paragraph 88C(b)]	The UKEB noted that UK preparers and accounting firms considered that the effective tax rate calculated under IAS 12 paragraph 86 could be a poor proxy for the jurisdictional effective tax rate calculated on a Pillar Two basis.	Stakeholders agreed with the UKEB draft position. The existence of 88C(c) indicates the inadequacy of 88C(b). Such a corrective disclosure indicates that the disclosure requirement is not providing relevant, reliable and understandable information.	Consistent with the draft position.

4. Disclosure requirements (continued)

DRAFT

IASB proposal	UKEB draft position	Stakeholders' responses to DCL	UKEB final position
In periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, an entity shall disclose whether assessments it has made in preparing to comply with Pillar Two legislation indicate that there are jurisdictions included at 88C(b) but where the entity may not be exposed to paying top-up tax, or jurisdictions not included at 88C(b) where the entity may be exposed to paying top-up tax. [ED paragraph 88C (c)]	<p>Stakeholders expressed concerns that 88C (c) does not provide a sufficient corrective to 88C (b), since it does not require any quantitative or other detailed information. The UKEB therefore proposed a more general disclosure requirement that lasts for the life of the exception.</p> <p>In the event that the IASB decides to retain 88C (a), (b) and (c), we suggested that the IASB includes the objective of the disclosure requirement. It should also publish guidance.</p>	<p>Stakeholders agreed that 88C(c) does not provide a sufficient corrective to 88C(b).</p> <p>Two stakeholders agreed with the UKEB proposed general disclosure requirement; one did not agree that it should be required once Pillar Two legislation was effective.</p> <p>One stakeholder did not agree with the UKEB proposal. They observed that whilst the IASB proposal does appear to have limitations, it should however aid comparability, at least within a jurisdiction. That stakeholder considered that the UKEB's proposal would not necessarily achieve that.</p> <p>Stakeholders who agreed with the proposed general disclosure requirement noted that:</p> <ul style="list-style-type: none"> • Simply including the disclosure objective in the Standard rather than the Basis for Conclusions would not remedy the inadequacies of the disclosure requirements. • It would be preferable if the FCL solely recommended the general disclosure requirement without commenting on the specific proposals in 88C. • Examples/guidance would be most useful if published at the same time as the Amendments. • The requirements of 88C represent a significant compliance burden. 	[Subject to Board decision]

5. Effective date

DRAFT

IASB proposal	UKEB draft position	Stakeholders' responses to DCL	UKEB final position
<p>Entities must apply the exception and disclose that it has been applied immediately and retrospectively.</p> <p>The other disclosures (ED paragraphs 88B and 88C) are required for annual reporting periods beginning on or after January 2023.</p>	<p>The UKEB agreed with the IASB's proposals regarding the effective date.</p>	<p>Stakeholders agreed with the UKEB position.</p>	<p>Consistent with the draft position.</p>

Disclaimer

DRAFT

This feedback statement has been produced in order to set out the UKEB's response to stakeholder comments received on the IASB's Exposure Draft *International Tax Reform – Pillar Two Model Rules: Amendments to IAS 12* and should not be relied upon for any other purpose.

The views expressed in this feedback statement are those of the UK Endorsement Board at the point of publication.

Any sentiment or opinion expressed within this feedback statement will not necessarily bind the conclusions, decisions, endorsement or adoption of any new or amended IFRS by the UKEB.

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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	<p>Complete: taking a proportionate approach, the Secretariat included mandatory milestones for the project and considered, as appropriate, other milestones and activities.</p> <p>The PIP was approved at the 23 February 2023 Board meeting.</p>
	Mandatory	Outreach plan for stakeholders and communication approach outlined	<p>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.</p>
	Mandatory	Resources allocated	<p>Complete: one project manager supported and overseen by one senior project director, with communications and economics team support.</p>

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 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 Board received a further education session on accounting for deferred tax in relation to the Pillar Two model rules and the need for the exception.</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 scheduled to allow approval of the FCL in time for 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) and scheduled an exceptional meeting 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 exceptional 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.</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> <p>Subscribers were alerted via email 5 working days before the 7 March 2023 Board meeting that the Board papers for this topic would be late, specifying the expected date of publication.</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.	Complete: We have: <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 (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, sent out news alerts and distributed it to roundtable participants and advisory groups.

Influencing process			
Step	Mandatory / optional ¹	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.	Extraordinary meeting scheduled for 7 March to approve FCL for publication. To be completed.
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. To be completed.
Conclusion			
<p>The IASB 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 is 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 extraordinary 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>			