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Our ref : RJ-IASB 491 C
Direct dial : Tel.: (+31) 20 301 039
Date : Amsterdam, 28th of October 2019
Re : Comments on ED/2019/5 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Dear members of the IASB,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond to the Exposure Draft ED/2019/5 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* ('ED'). We support the IASB's efforts to help reduce diversity in practice and to require the recognition of deferred tax on transactions that at initial recognition give rise to equal and offsetting temporary differences.

We generally agree with EFRAG's responses to the questions in the ED. Similar to EFRAG we do not agree with the proposed 'recognition cap' for deferred tax liabilities, which would introduce a new exception to the general principles of IAS 12 and, consequently, might create new difficulties. In addition, we do see the potential of a 'net approach' and recommend the IASB to perform further analysis to evaluate whether a net approach to the temporary differences avoids certain problems and complexity, as addressed in EFRAG's comment letter.

We also note that in some instances the proposed wording for specific paragraphs is different while the same meaning seems intended:

Observation 1)

- Paragraph 15(b)(iii) in the ED states: '... (except as described in paragraph 22A)'
- Paragraph 24(c) in the ED states: '... (see paragraph 22A)'

Observation 2)

- Paragraph 22(c) in the ED states: '... and does not result in the recognition of equal amounts of deferred tax assets and liabilities'
- Paragraphs 15(b)(iii) and 24(c) in the ED states: '..., does not give rise to equal amounts of taxable and deductible temporary differences'

Not in the least to avoid potential confusion, we believe that the IASB should use consistent wording.

We will be pleased to give you any further information that you may require.

Yours sincerely,

prof. dr. Peter Sampers
Chairman Dutch Accounting Standards Board

Note: We sent an similar letter to EFRAG, in response to their draft comment letter.