



Ms. Françoise Flores
Chair
Technical Expert Group
EFRAG
Square de Meeûs 35
B-1000 BRUXELLES

E-mail: commentletters@efrag.org

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Ref.: ACC/PRJ/SKU/IDS

Dear Ms. Flores,

Re: FEE Comments on EFRAG's assessments for endorsement of the Amendments to IAS 12 Deferred Tax (2010): Recovery of Underlying Assets

- (1) FEE (the Federation of European Accountants) appreciates the invitation to comment on EFRAG's assessments for endorsement of the Amendments to *IAS 12 Deferred Tax (2010): Recovery of Underlying Assets*.
- (2) We support EFRAG providing a positive endorsement advice and we broadly agree with the assessments formulated by EFRAG.

EFRAG's technical assessment of the amendments to IAS 12 against the endorsement criteria

- (3) In our letter to the IASB dated 16 November 2010, we generally supported EFRAG's final letter to the IASB on the Exposure Draft *Deferred Tax: Recovery of Underlying Assets – Proposed amendments to IAS 12*.
- (4) The IASB decided to undertake a limited scope project to amend IAS 12. In September 2010 the IASB issued an Exposure Draft on *Deferred Tax: Recovery of Underlying Assets*, which proposed to amend one aspect of IAS 12. We support EFRAG's assessments of the amendments to IAS 12 against the endorsement criteria, recommending adoption.

EFRAG's evaluation of the costs and benefits of IAS 12

- (5) We broadly agree with the evaluation of the costs and benefits of IAS 12 as provided by EFRAG but have ourselves not carried out a detailed examination.

Assessment Process

- (6) We believe that, in the current financial reporting environment, Europe needs to make every effort to prevent the creation of new deviations from IFRS. Furthermore, it needs to avoid to the extent possible any timing differences caused by delays in the endorsement mechanisms.
- (7) An enhanced due process for the IASB and IFRIC, improved governance of the IASB and timely and high quality European influence early in the standard setting process should result in international standards and interpretations that are acceptable for Europe. This European influence is expected to be exercised at, or before, exposure draft stage. EFRAG was created for that purpose and has the full support of FEE. As a due process is in place, if appropriate input is provided and considered at both IASB and EFRAG levels, it can be expected that the resulting standards should be suitable for positive endorsement.

Endorsement

- (8) FEE supports the endorsement of the amendments to IAS 12.

We would be pleased to discuss any aspect of this letter you may wish to raise with us.

For further information on this letter, please contact Sylwia Kujawa, Project Manager from the FEE Secretariat on +32 2 285 40 86 or via email at sylwia.kujawa@fee.be.

Yours sincerely,



Philip Johnson
President