



Press Release

31 March 2009

IASB seeks comments on a proposed new standard on income tax accounting

The International Accounting Standards Board (IASB) today published for public comment an exposure draft of a proposed new standard on the accounting for income tax. If adopted, the standard would replace the existing requirements in IAS 12 *Income Taxes*.

The proposed standard retains the basic approach to accounting for income tax, known as the temporary difference approach. The objective of that approach is to recognise now the future tax consequences of past events and transactions, rather than waiting until the tax is payable. Although the proposed standard retains the same principle, the IASB proposes to remove most of the exceptions in IAS 12, to simplify the accounting and strengthen the principle in the standard. In addition, the IASB proposes a changed structure for the standard that will make it easier to use.

Introducing the exposure draft, Sir David Tweedie, Chairman of the IASB, said:

Income tax requirements differ considerably from jurisdiction to jurisdiction. The application of the existing requirements to these different circumstances can be difficult, resulting in complex and potentially diverse interpretations. Our aim is to achieve a clearer, more principle-based standard that will make the accounting requirements on income tax easier to understand and apply and will also result in more consistent reporting.

I also welcome and support the efforts of several national standard setters, in particular the UK Accounting Standards Board (ASB) and the German Accounting Standards Board (GASB), to undertake a fundamental review of income tax accounting.

The proposals are set out in the exposure draft *Income Tax* which is open for comment until 31 July 2009. The exposure draft is available on the 'Open for Comment' section on www.iasb.org. The IASB expects to hold a webcast soon to introduce the proposals in the exposure draft and details will be announced on the website in due course. A flow chart and illustrative examples to illustrate the proposals in the exposure draft have been prepared by the IASB's staff and posted on the project page of the website.

Printed copies of the exposure draft (ISBN for the set 978-1-905590-97-1) will be available shortly, at £10.00 plus shipping, from:

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Notes to Editors

About the Income Tax project

The income tax project is part of the short-term convergence project between the IASB and the US Financial Accounting Standards Board (FASB), aimed at eliminating differences between IFRSs and US accounting. In order to achieve a more level playing field the IASB's proposals are addressing some of the existing inconsistencies between IAS 12 and the respective US standard. The FASB announced in September 2008 that it would review its strategy for short-term convergence projects in the light of the possibility that some or all US public companies might be permitted or required to adopt IFRSs at some future date. As part of that review and to gather input from interested parties in the United States, the FASB will be issuing an Invitation to Comment containing the IASB's proposed replacement of IAS 12. At the conclusion of that review, the FASB will decide whether to undertake a project that would eliminate differences in the accounting for tax by adopting the agreed IFRS.

About the IASB

The IASB, based in London, began operations in 2001. It is funded by contributions collected by its Trustees, the IASC Foundation, from the major accounting firms, private financial institutions and industrial companies throughout the world, central and development banks, and other international and professional organisations. The 14 IASB members (13 of whom are full-time) are drawn from nine countries and have a variety of professional backgrounds. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that require transparent and comparable information in general purpose financial statements. In pursuit of this objective, the IASB co-operates with national accounting standard-setters to achieve convergence in accounting standards around the world.