GROUP OF 100

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Mr H. Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London EC 4M 6XH
UNITED KINGDOM

Dear Mr Hoogervorst

ED/2014/3 Recognition of Deferred Tax Assets

The Group of 100 (G100) is an organization of chief financial officers from Australia's largest business enterprises with the purpose of advancing Australia's financial competitiveness. We are pleased to comment on the Exposure Draft.

Q1 Existence of a deductible temporary difference
The IASB proposes to confirm that decreases in the carrying amount of a fixed-rate debt instrument for which the principal is paid on maturity give rise to a deductible temporary difference if this debt instrument is measured at fair value and if its tax base remains at cost. This applies irrespective of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, ie by holding it to maturity, or whether it is probable that the issuer will pay all the contractual cash flows.

Do you agree with the proposed amendment? Why or why not? If not, what alternative do you propose?
The G100 supports the proposed amendment to clarify any uncertainty arising in the application of paragraph 26(d) of IAS 12 "Income Taxes".

Q2 Recovering an asset for more than its carrying amount
The IASB proposes to clarify the extent to which an entity's estimate of future taxable profit (para 29) includes amounts from recovering assets for more than their carrying amounts.

Do you agree with the proposed amendment? Why or why not? If not, what alternative do you propose?
The G100 supports the proposed amendment to clarify the requirements of IAS 12 and address differences in practice in determining the use of deductible temporary differences.

Q3 Probable future taxable profit against which deductible temporary differences are assessed for utilisation

The IASB proposes to clarify that an entity's estimate of future taxable profit (para 29) excludes tax deductions resulting from the reversal of deductible temporary differences.

Do you agree with the proposed amendment? Why or why not? If not, what alternative do you propose?

The G100 agrees with the proposed approach and considers that the meaning of taxable profit for purposes of applying IAS 12 is as defined in paragraph 5 of IAS 12.

Q4 Combined versus separate assessment

The IASB proposes to clarify that an entity assesses whether to recognise the tax effect of a deductible temporary difference as a deferred tax asset in combination with other deferred tax assets. If tax law restricts the utilisation of tax losses so that an entity can only deduct tax losses against income of a specified type or specified types (eg if it can deduct capital losses only against capital gains), the entity must still assess a deferred tax asset in combination with other deferred tax assets, but only with deferred tax assets of the appropriate type.

Do you agree with the proposed amendment? Why or why not? If not, what alternative do you propose?

The G100 supports the clarification of IAS 12 paragraph 27 relating to the circumstances where an entity can group deductible temporary differences when assessing how they can be utilised.

Q5 Transition

The IASB proposes to require limited retrospective application of the proposed amendments for entities already applying the IFRS. This is so that restatements of the opening retained earnings or other components of equity of the earliest comparative period presented should be allowed but not be required. Full retrospective application would be required for first-time adopters of IFRS.

Do you agree with the proposed amendment? Why or why not? If not, what alternative do you propose?

The G100 supports the proposed transition arrangements.

Yours sincerely
Group of 100 Inc

Neville Mitchell
President