

**Comments On Exposure Draft**

**International Tax Reform—Pillar Two Model Rules**

**Proposed amendments to the IFRS for SMEs Standard**

**Question 1—** Temporary exception to accounting for deferred taxes?

**Opinion—**Agree,

- (i) Exception should be permanent because recognising deferred taxes arising from Pillar Two legislation would be costly, complex and potentially misleading.
- (ii) Monitoring future developments related to the implementation of Pillar two model rules in various jurisdictions could be difficult at initial stage.

**Question 2—** Disclosures?

**Opinion—**Agree

- (i) Information would be more useful if required disclosure is country-by-country rather than in aggregate. That would better allow investors to understand risks inherent in current tax structures.
- (ii) This information that helps investors assess an entity's Pillar two exposure.

**Question 3—** Effective date and transition?

**Opinion—**Agree, effective date would provide an SME with enough time to prepare the required information.

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