



**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**  
(Set up by an Act of Parliament)

**Western India Regional Council**

WIRC/ICAI/9365/2023

16<sup>th</sup> February 2023

**CA. Parminder Kaur**

The Secretary,  
Accounting Standards Board,  
The Institute of Chartered Accountants of India,  
ICAI Bhawan, Post Box No. 7100,  
Indraprastha Marg, New Delhi 110 002

Madam,

**Sub.: Comments on Exposure Draft on International Tax Reform- Pillar Two Model Rules**

Please find attached comments on **Exposure Draft on International Tax Reform- Pillar Two Model Rules**, for your doing the needful.

Kindly acknowledge the receipt of the same.

Thanking You,

Yours truly,

**CA. Murtuza Kachwala**  
Chairman - WIRC of ICAI



**Suggestions/ Comments on Exposure Draft on International Tax Reform- Pillar Two Model Rules**

<p><b>Question 1—Temporary exception to the accounting for deferred taxes (paragraphs 4A and 88A)</b></p> <p>IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.</p> <p>The IASB proposes that, as an exception to the requirements in IAS 12, an entity neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.</p> <p>The IASB also proposes that an entity disclose that it has applied the exception. Paragraphs BC13–BC17 of the Basis for Conclusions explain the IASB’s rationale for this proposal.</p> <p>Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you would suggest instead and why.</p>	<p>Yes, agreed with the proposal because entities need time to interpret, analyse and accurately compute the deferred taxes and top up taxes.</p>
<p><b>Question 2—Disclosure (paragraphs 88B–88C)</b></p> <p>The IASB proposes that, in periods in which Pillar Two legislation is enacted or substantively enacted, but not yet in effect, an entity disclose for the current period only:</p> <p>(a) information about such legislation enacted or substantively enacted in jurisdictions in which the entity operates.</p> <p>(b) the jurisdictions in which the entity’s average effective tax rate (calculated as specified in paragraph 86 of IAS 12) for the current period is below 15%. The entity would also disclose the accounting profit and tax expense (income) for these jurisdictions in aggregate, as well as the resulting weighted average effective tax rate.</p>	<p>Yes, agreed with the proposal because entities need time to interpret, analyse and accurately compute the deferred taxes and top up taxes.</p> <p>If the entity is required to disclose its current tax expense (income) related to Pillar Two income Taxes separately, and if such disclosure is not possible due to limitations set out in paragraphs BC13–BC17, then disclosure to that effect to be made.</p>

*[Handwritten signature]*





<p>(c) whether assessments the entity has made in preparing to comply with Pillar Two legislation indicate that there are jurisdictions:</p> <p>(i) identified in applying the proposed requirement in (b) but in relation to which the entity might not be exposed to paying Pillar Two income taxes; or</p> <p>(ii) not identified in applying the proposed requirement in (b) but in relation to which the entity might be exposed to paying Pillar Two income taxes.</p> <p>The IASB also proposes that, in periods in which Pillar Two legislation is in effect, an entity disclose separately its current tax expense (income) related to Pillar Two income taxes.</p> <p>Paragraphs BC18–BC25 of the Basis for Conclusions explain the IASB’s rationale for this proposal.</p> <p>Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you would suggest instead and why.</p>	
<p><b>Question 3—Effective date and transition (paragraph 98M)</b></p> <p>The IASB proposes that an entity apply:</p> <p>(a) the exception—and the requirement to disclose that the entity has applied the exception—immediately upon issue of the amendments and retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and</p> <p>(b) the disclosure requirements in paragraphs 88B–88C for annual reporting periods beginning on or after 1 January 2023.</p> <p>Paragraphs BC27–BC28 of the Basis for Conclusions explain the IASB’s rationale for this proposal.</p> <p>Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you would suggest instead and why.</p>	<p>Yes, I agree with the proposal as it will lead to disclosures as to why the entity has applied the exceptional rule.</p>