

Comments on Exposure Draft of Amendments to Ind AS

Agra ICAI <agra@icai.org>

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To: Comments ASB - ICAI <commentsasb@icai.in>

Dear Sir,

Agra Branch of CIRC is pleased to respond to the Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (the ICAI) exposure draft of Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to Ind AS 12, Income Taxes)

We appreciate the efforts of the ICAI Accounting Standards Board (ASB) on the aim of narrowing the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 and welcome the opportunity to provide comments on the Exposure Draft.

Below is our comment in respect of the exposure draft:

"We note that some transactions that result in the recognition of both an asset and a liability (e.g., recognition of a lease liability and a corresponding right-of-use asset, or recognition of a decommissioning obligation and a corresponding asset component), give rise to equal and offsetting temporary differences. Paragraphs 22 & 22A of the ED explains that, in determining whether the taxable and deductible temporary differences are equal, an entity should ignore the components of the transaction that relate to advance lease payments and initial direct costs as those would remain subject to the existing requirements of Ind AS 12. In our view, the guidance in paragraph B14 of Appendix B should be incorporated in the standard itself, as it is crucial to a proper understanding of what is meant by 'transaction' in the context of paragraph 22 of the ED. In addition, we believe it would be helpful to illustrate this aspect of the prescribed accounting treatment by way of an example."

Kind Regards,

CA. Yash Jain

Agra Branch of CIRC

+91-9027705757

Agra Branch of CIRC of ICAI

77/8, M. K. Tower, Sanjay Place

Agra-282002

Ph. 0562-4040598