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Subject: Comments on Exposure draft on Amendments to Ind AS 12, Income Taxes

- 1) I welcome the opportunity provided for sending comments on Exposure draft on Amendments to Ind AS 12, Income Taxes
- 2) My view

Existing	Proposed change	Comments	Rational
<p>Para 15 A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (iii) at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.</p>	<p>Examples for transaction that does not give rise to equal taxable and deductible temporary differences can be given</p> <p>Equal can be defined in detail</p> <p>The Change addresses recognizing asset and liability at gross level and not at net level</p> <p>Para 15 b starts with “the initial recognition of an asset or liability” but (iii) at the time of the transaction, does not give rise to equal amounts of taxable and deductible temporary differences</p>	<p>Examples will give better clarity on application of the standard</p> <p>Also impact of lease straight lining adjustments can be elaborated in the amendment</p> <p>Definition will help understanding the amendment in detail</p> <p>The requirement to apply the tax balances to either the asset or liability, and not consider the transaction on a net basis, is not appropriate.</p> <p>The usage of or , and is not clear it creates ambiguity</p>	<p>Examples will give better clarity on application of the standard</p>
<p>Para 98L (b) recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.</p>	<p>Effective tax reco disclosure related example can be given and also different tax rate should be explained</p> <p>The proposed amendments do not address the accounting for the unrecognised deferred tax liability to the extent the</p>	<p>Examples will give better clarity on application of the standard</p>	<p>Examples will give better clarity on application of the standard</p>

	unrecognised deferred tax asset is subsequently recognised. This might lead to diversity in the approach adopted by different entities.		
Para 22A A transaction that is not a business combination may lead to the initial recognition of an asset and a liability and, at the time of the transaction, affect neither accounting profit nor taxable profit. For example, at the commencement date of a lease, a lessee typically recognises a lease liability and the corresponding amount as part of the cost of a right-of-use asset. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of the asset and liability in such a transaction. The exemption provided by paragraphs 15 and 24 does not apply to such temporary differences and an entity recognises any resulting deferred tax liability and asset.	The Para doesn't deal with reassessment of unrecognised deferred tax assets, that it did not recognise deferred tax assets because of the recoverability requirement, it would apply as per IND AS 12 and subsequently reassess unrecognised deferred tax assets.	We also require clarity on effect due to advance lease payments and initial direct costs, due to this amendment	Basis of conclusion for all amendments is required as this would provide more clarity
Cost benefit analysis not available	Costs of applying the proposed amendments is required to be considered as the benefit may be less than cost	Costs of applying the proposed amendments is required to be considered as the benefit may be less than cost	
Para 98J Deferred Tax related to Assets and Liabilities arising from a Single Transaction, amended paragraphs 15, 22 and 24 and added paragraph 22A. An entity shall apply these amendments in accordance with paragraphs 98K–98L for annual reporting periods beginning on or after 1 April 2023.	Para 98J Standard should allow retrospective application only if it can be worked without use of hindsight	If hindsight is used can lead to use of estimates and judgments adjusting the retained earnings with events not existing as of opening retaining earning date	

I concur that views stated above are my individual opinion and not of any organization where I am working or not of any committee or organization I am connected with.

Regards

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