

BELGIAN ACCOUNTING STANDARDS BOARD



International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

correspondent	Our reference	Your reference	Date
Ignace Bogaert Tel: +32(2)277 61 74 ignace.bogaert@cnc-cbn.be	C-095		17th of november 2010

Dear Sir, Madam,

Invitation to comment – IASB ED *Deferred Tax: Recovery of Underlying Assets*

The Belgian Accounting Standards Board (BASB) is pleased to respond to the Exposure Draft on Deferred Tax: Recovery of Underlying Assets issued by the IASB (the "Board") in September 2010 (hereinafter the "ED").

Conceptually, we support the principle that deferred taxes and more broadly, income taxes, should reflect the way the carrying amount of the underlying asset is recovered. However, we are of the opinion that the current ED only provides a measurement exception vis-à-vis the measurement of deferred taxes in the current IAS 12 *Income Taxes* for specific classes of assets.

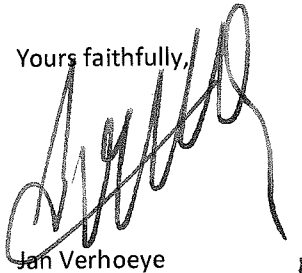
As we are generally in favor of principle-based standards, we do not believe that the proposed exception provides any additional or more relevant information for users than can be achieved through application guidance on the measurement principle.

The Board proposes that the exception should apply when deferred taxes arise either from investment property measured at fair value or from property, plant, equipment and intangible assets revalued at fair value. However, the Board does not propose that the exception should apply to items carried 'at cost' subsequent to being remeasured to fair value in a business combination. To our understanding, the difficulty of determining the likely mode of recovery does not hinge on types of assets or measurement principles. Only in the rare circumstances in which determining the likely mode of recovery is not possible would we agree with requiring measuring deferred taxes under the rebuttable presumption that the tax consequences reflect recovering the carrying amount of the asset entirely through sale. If the Board were to develop application guidance rather than create an exception to the principles, it would be unnecessary to define the scope of the amendment by referring to the type of underlying asset.

Furthermore we believe that the issue the ED tries to tackle is yet another indicator that a fundamental review of accounting for income taxes is needed in due course.

Should you wish to discuss the content of this letter with us, please contact Jan Verhoeve at jan.verhoeve@cnc-cbn.be.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Jan Verhoeve', written in a cursive style.

Jan Verhoeve
Chairman BASB