



Australian Government
Australian Accounting Standards Board

Memorandum

To:	AASB members	Date:	18 August 2015
From:	Kala Kandiah and Shaun Steenkamp	Agenda Item:	17.1
Subject:	AASB 119 – Accounting for Contributions Tax	Project Priority	High
Project Status:	Initial	Decision-Making:	High

Action for this meeting

To make a decision about the next course of action to take

Attachments

Agenda Paper 17.2 – AASB Staff Issues Paper: Employee Benefits: Estimating tax payable by the plan on contributions where franking credits are available

Overview of the agenda paper

Agenda Paper 17.2 investigates an issue raised by HoTARAC (noted at the AASB's July meeting) and also with AASB staff from a public-sector constituent regarding the estimation of tax payable by a plan on contributions if the plan expects to have sufficient franking credits from return on plan assets to offset the tax payable. The Paper considers the accounting requirements of AASB 119 *Employee Benefits*, particularly the rules set by paragraphs 76 and 130 and the IASB's observations in the Basis for Conclusions of IAS 19 and makes an assessment of the significance of the issue in recommending the next course of action to the AASB.

Agenda Paper 17.2 includes the following Questions to Board members:

Q1. What action does the Board wish to take? Either:

- (a) submit the issue to the IFRS Interpretations Committee;
- (b) issue an Australian-specific interpretation;
- (c) modify AASB 119 for an Australian NFP-specific issue; or
- (d) reject the issue.

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Q2. Should the Board decide to reject the issue, does the Board agree with the proposed wording for a tentative agenda decision?