

**Accounting Standard**

**AASB 2005-3**

June 2005

# **Amendments to Australian Accounting Standards**

**[AASB 119]**



**Australian Government**

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**Australian Accounting  
Standards Board**

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ISSN 1036-4803

## CONTENTS

PREFACE

**ACCOUNTING STANDARD**  
**AASB 2005-3 AMENDMENTS TO AUSTRALIAN ACCOUNTING**  
**STANDARDS**

	<i>Paragraphs</i>
Objective	1
Application	Aus1.1 – Aus1.7
Amendments to AASB 119 <i>Employee Benefits</i>	2 – 3

Australian Accounting Standard AASB 2005-3 *Amendments to Australian Accounting Standards* is set out in paragraphs 1 – 3. All the paragraphs have equal authority.

## **PREFACE**

### **Standards Amended by AASB 2005-3**

This Standard makes amendments to AASB 119 *Employee Benefits* (issued in July 2004) and AASB 119 *Employee Benefits* (revised in December 2004).

The amendments in this Standard arise from the AASB's reconsideration of commentary and guidance relating to actuarial assumptions used to determine the defined benefit liability (asset) of an entity that is the sponsor of a defined benefit plan and requires the entity to take into account future taxes.

For-profit entities that comply with the requirements of AASB 119, as amended by this Standard, will simultaneously be in compliance with the requirements of the corresponding IFRS, being IAS 19 *Employee Benefits*. The ability of not-for-profit entities to be able to claim compliance with International Financial Reporting Standards is not affected by the amendments made by this Standard, but is dependent on whether the entity has applied "Aus" paragraphs in AASB 119 when those paragraphs are inconsistent with the requirements of the corresponding IFRS.

### **Application Date**

The amendments made by this Standard in relation to AASB 119 (July 2004) are applicable to annual reporting periods ending on or after 31 December 2005 with early adoption permitted for annual reporting periods beginning on or after 1 January 2005.

The application date of this Standard in respect of the amendments made to AASB 119 (December 2004) are linked to the application date of AASB 119 (December 2004). Accordingly, the amendments made by this Standard to AASB 119 (December 2004) are applicable to annual reporting periods beginning on or after 1 January 2006. When an entity early adopts AASB 119 (December 2004) for annual reporting periods beginning on or after 1 January 2005, the amendments made by this Standard to AASB 119 (December 2004) are also applied for that earlier period.

## **ACCOUNTING STANDARD AASB 2005-3**

The Australian Accounting Standards Board makes Accounting Standard AASB 2005-3 *Amendments to Australian Accounting Standards* under section 334 of the *Corporations Act 2001*.

Dated 9 June 2005

D.G. Boymal  
Chair – AASB

## **ACCOUNTING STANDARD AASB 2005-3**

### ***AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS***

#### **Objective**

1. The objective of this Standard is to make amendments to AASB 119 *Employee Benefits* (issued in July 2004) and AASB 119 *Employee Benefits* (revised in December 2004) as a consequence of reviewing their requirements.

#### **Application**

**Aus1.1 This Standard applies to:**

- (a) each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;
- (b) general purpose financial reports of each other reporting entity; and
- (c) financial reports that are, or are held out to be, general purpose financial reports.

**Aus1.2 In respect of AASB 119 (July 2004), this Standard applies to annual reporting periods ending on or after 31 December 2005.**

**Aus1.3 In respect of AASB 119 (July 2004), this Standard may be applied to annual reporting periods beginning on or after 1 January 2005 that end before 31 December 2005. An entity that is required to prepare financial reports in**

accordance with Part 2M.3 of the Corporations Act may apply this Standard to such annual reporting periods when an election has been made in accordance with subsection 334(5) of the Corporations Act.

- Aus1.4** In respect of AASB 119 (December 2004), this Standard applies to annual reporting periods beginning on or after 1 January 2006.
- Aus1.5** In respect of AASB 119 (December 2004), this Standard may be applied to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2006. An entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act may apply this Standard to such annual reporting periods when an election has been made in accordance with subsection 334(5) of the Corporations Act.
- Aus1.6** The requirements specified in this Standard apply to the financial report when information resulting from their application is material in accordance with AASB 1031 *Materiality*.
- Aus1.7** This Standard will be registered on the Federal Register of Legislative Instruments together with its Explanatory Statement, in accordance with the *Legislative Instruments Act 2003*.

## **Amendments to AASB 119**

- 2. Paragraphs Aus55.1 and Aus55.2 of AASB 119 (July 2004) and AASB 119 (December 2004) are deleted.**
- 3. A new heading and paragraph G20 are inserted into the Australian Guidance to AASB 119 (July 2004) and AASB 119 (December 2004) as follows:**

### **Actuarial Assumptions – Allowance for Taxes in Defined Benefit Plans**

G20. In accordance with paragraph 73 that states “Actuarial assumptions are an entity’s best estimates of the variables that will determine the ultimate cost of providing post-employment benefits.”, any future taxes, such as contributions tax and investment tax, are taken into account in the actuarial assumptions used to determine the relevant components of the employer’s defined benefit liability (asset).