



21 November 2014

Ms Kris Peach  
Chairman  
Australian Accounting Standards Board  
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Melbourne, VIC 3000

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Dear Kris

**ED 253 Recognition of Deferred Tax Assets for Unrealised Losses (Proposed amendments to AASB 112)**

CPA Australia welcomes the opportunity to comment on ED 253 Recognition of Deferred Tax Assets for Unrealised Losses (Proposed amendments to AASB 112). CPA Australia is one of the world's largest accounting bodies and represents the diverse interests of more than 150,000 members in public practice, industry, commerce, government, not-for-profits and academia in 121 countries throughout the world.

CPA Australia generally supports the proposed amendments to IAS 12 and their incorporation into AASB 112 *Income Taxes* as they will help to resolve the diversity in practice identified by the International Accounting Standards Board (IASB).

However, in our submission to the IASB we expressed our disagreement with the proposal to require limited retrospective application of the proposed amendments for entities already applying IFRS. We support the principle of retrospective application of new or amended requirements to provide users with comparative information except for reasons of impracticality or undue cost and effort. We do not believe the exposure draft has made the case to depart from that principle.

We note that during the last four or five years the IASB has received requests for clarification on a number of practical problems in applying IAS 12. We also understand that some of the problems that continue to arise are due to a tension within the standard between its stated balance sheet approach and the income statement approach that it replaced, as the latter continues to provide the basis for some parts of IAS 12. Consequently, we suggested that the IASB consider undertaking a narrow review focused on clarifying and improving the principles behind IAS 12.

We are not aware of any regulatory or other issues arising in the Australian environment that may affect the implementation of the proposals. Overall, we believe the proposals would result in financial statements that would be useful to users and are in the best interests of the Australian economy.

If you have any questions regarding this submission, please do not hesitate to contact Dr Mark Shying at [mark.shying@cpaaustralia.com.au](mailto:mark.shying@cpaaustralia.com.au).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Eva Tsahuridu', written over a light blue horizontal line.

Dr Eva Tsahuridu  
Manager – Accounting Policy