

Accounting Standard

AASB 1020B
November 2002

**Amendments to
Accounting Standard
AASB 1020 and
Australian Accounting
Standard AAS 3**



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Standards are printed in bold type and commentary in light type.

MAIN FEATURES OF THE STANDARD

The Standard defers the operative date of Accounting Standard AASB 1020 “Income Taxes” and Australian Accounting Standard AAS 3 “Income Taxes” to reporting periods beginning on or after 1 January 2005 and effectively supersedes Accounting Standard AASB 1020A “Amendments to Accounting Standard AASB 1020 and Australian Accounting Standard AAS 3”.

ACCOUNTING STANDARD AASB 1020B

The Australian Accounting Standards Board makes Accounting Standard AASB 1020B “Amendments to Accounting Standard AASB 1020 and Australian Accounting Standard AAS 3” under section 334 of the *Corporations Act 2001*.

Dated 18 November 2002

F. K. Alfredson
Chair – AASB

ACCOUNTING STANDARD

AASB 1020B “AMENDMENTS TO ACCOUNTING STANDARD AASB 1020 AND AUSTRALIAN ACCOUNTING STANDARD AAS 3”

1 Application

1.1 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.

2 Operative Date

2.1 This Standard applies to annual reporting periods beginning on or after 18 November 2002.

- 2.1.1 Notice of this Standard was published in the *Commonwealth of Australia Gazette* on 19 November 2002.

3 Amendments to AASB 1020

3.1 This Standard amends Accounting Standard AASB 1020 “Income Taxes”, which was made by the Australian Accounting Standards Board on 8 December 1999, as amended by Accounting Standard AASB 1020A “Amendments to Accounting Standard AASB 1020 and Australian Accounting Standard AAS 3”, which was made by the Australian Accounting Standards Board on 13 June 2002, as follows:

(a) delete paragraphs 2.1, 2.2 and 2.2.1 which read as follows:

“2.1 This Standard applies to:

(a) *half-years ending on or after 31 December 2003*

(b) *financial years ending on or after 30 June 2004.*

2.2 This Standard may be applied to financial years ending before 30 June 2004, and may be applied to half-years within those financial years, where an election has been made in accordance with subsection 334(5) of the Corporations Act.

2.2.1 Accounting Standard AASB 1020 “Accounting for Income Tax (Tax-effect Accounting)”, as approved by notice published in the *Commonwealth of Australia Gazette* on 30 October 1989 and amended by Accounting Standard AASB 1025 “Application of the Reporting Entity Concept and Other Amendments”, continues to apply to financial years that end before 30 June 2004, and half-years that end before 31 December 2003 (by virtue of Accounting Standard AASB 1029 “Half-Year Accounts and Consolidated Accounts”). However, where an *entity* elects to apply this Standard early in accordance with paragraph 2.2, it will not also be obliged to comply with AASB 1020, as approved by notice published in the *Commonwealth of Australia Gazette* on 30 October 1989 and amended by AASB 1025, for

the *reporting periods* to which the election applies.”; and

- (b) **replace deleted paragraphs 2.1, 2.2 and 2.2.1 with the following:**

“2.1 This Standard applies to:

(a) *half-years ending on or after 30 June 2005*

(b) *financial years ending on or after 31 December 2005.*

2.2 This Standard may be applied to financial years ending before 31 December 2005, and may be applied to half-years within those financial years, where an election has been made in accordance with subsection 334(5) of the Corporations Act.

2.2.1 Accounting Standard AASB 1020 “Accounting for Income Tax (Tax-effect Accounting)”, as approved by notice published in the *Commonwealth of Australia Gazette* on 30 October 1989 and amended by Accounting Standard AASB 1025 “Application of the Reporting Entity Concept and Other Amendments”, continues to apply to financial years that end before 31 December 2005, and half-years that end before 30 June 2005 (by virtue of Accounting Standard AASB 1029 “Half-Year Accounts and Consolidated Accounts”). However, where an *entity* elects to apply this Standard early in accordance with paragraph 2.2, it will not also be obliged to comply with AASB 1020, as approved by notice published in the *Commonwealth of Australia Gazette* on 30 October 1989 and amended by AASB 1025, for the *reporting periods* to which the election applies.”.

4 Amendments to AAS 3

4.1 This Standard amends Australian Accounting Standard AAS 3 “Income Taxes” issued in December 1999, as amended by Accounting Standard AASB 1020A “Amendments to Accounting Standard AASB 1020 and Australian Accounting Standard AAS 3”, which was made by the Australian Accounting Standards Board on 13 June 2002, as follows:

- (a) **delete paragraphs 2.1, 2.2 and 2.2.1 which read as follows:**
- “2.1 This Standard applies to reporting periods beginning on or after 1 July 2003.**
- 2.2 This Standard may be applied to reporting periods beginning before 1 July 2003.**
- 2.2.1 Australian Accounting Standard AAS 3 “Accounting for Income Tax (Tax-effect Accounting)”, as issued in November 1989, continues to apply to reporting periods that begin before 1 July 2003. However, where an *entity* elects to apply this Standard early in accordance with paragraph 2.2, it will not also be obliged to comply with AAS 3, as issued in November 1989, for the reporting periods to which the election applies.”; **and**
- (b) **replace deleted paragraphs 2.1, 2.2 and 2.2.1 with the following:**
- “2.1 This Standard applies to reporting periods beginning on or after 1 January 2005.**
- 2.2 This Standard may be applied to reporting periods beginning before 1 January 2005.**
- 2.2.1 Australian Accounting Standard AAS 3 “Accounting for Income Tax (Tax-effect Accounting)”, as issued in November 1989, continues to apply to reporting periods that begin before 1 January 2005. However, where an *entity* elects to apply this Standard early in accordance with paragraph 2.2, it will not also be obliged to comply with AAS 3, as issued in November 1989,

for the reporting periods to which the election applies.”.

5 Definitions

- 5.1 The defined terms in Accounting Standard AASB 1020 “Income Taxes” and Australian Accounting Standard AAS 3 “Income Taxes” are applicable, where pertinent, to this Standard.**

DEVELOPMENT OF THE STANDARD

This section does not form part of the Standard. It is a summary of the development of the Standard and the reasons the Australian Accounting Standards Board (the Board) has issued the Standard.

This Standard amends Accounting Standard AASB 1020 “Income Taxes” made on 8 December 1999 (the notice of which was published in the *Commonwealth of Australia Gazette* on 9 December 1999) and Australian Accounting Standard AAS 3 “Income Taxes” issued in December 1999, as amended by Accounting Standard AASB 1020A “Amendments to Accounting Standard AASB 1020 and Australian Accounting Standard AAS 3”, which was made by the Board on 13 June 2002 (the notice of which was published in the *Commonwealth of Australia Gazette* on 14 June 2002).

The Board decided to defer the operative date of AASB 1020 and AAS 3 in light of the Financial Reporting Council’s decision regarding adoption of the International Accounting Standards Board’s standards in Australia by 1 January 2005. Deferral of the operative date avoids imposing more than one accounting policy change concerning income tax before 1 January 2005.