

3 April 2009

Mr Bruce Porter
Acting Chairman
Australian Accounting Standards Board
Level 7
600 Bourke Street
Melbourne VIC 3000

Dear Mr Porter

Re: Australian Superannuation Contributions Tax for Defined Benefit Plans

The National Institute of Accountants (NIA) is pleased to respond to the Australian Accounting Standards Board's (AASB) request for comment on the proposed interpretation on accounting for the superannuation contributions tax for defined benefit plans.

We make this submission on behalf of the members of our organisation that work in accounting practices, companies and other entities that require greater assistance in understanding the interaction between domestic laws and accounting standards, particularly in the areas of superannuation and tax.

Support for the AASB's process

Whilst we may prefer the International Accounting Standards Board (IASB) or its interpretations subcommittee, the International Financial Reporting Interpretations Committee (IFRIC) deal with interpretative matters we support the AASB's initiative to clarify reporting requirements in areas where the standard setter believes there is widespread divergence in practice.

The NIA supports the AASB's process of requesting resolutions to issues giving rise to divergent practice from IFRIC. We are conscious that IFRIC will not deem it necessary to tackle issues when it believes a domestic standard setter is better placed to deal with an issue that is confined to a single jurisdiction.

We would encourage the AASB to continue to consult first with IFRIC and seek an international interpretation. A domestic interpretation should only be considered where there is divergence in practice and the IFRIC is unwilling to place it on the agenda because it sees it as a domestic issue.

It is also critical that the treatment approved by the AASB not be in conflict with existing international accounting standards. Nothing has come to our attention that would indicate the treatment proposed in the interpretation released for public comment is contrary to IFRS as it currently exists.

Superannuation Contributions Tax – consensus view

The AASB's consensus as reflected in Paragraph 11 of the proposed interpretation will have the effect of standardising practice of the measurement of a defined benefit obligation. This will aid comparability in an area where there is great public interest and we hope lead to better understood data in this area of financial reporting. An interpretation such as this can help eliminate divergent reporting practices within Australia while keeping financial reporting practices in line with current international standards.

National Office

Level 6
555 Lonsdale Street
Melbourne VIC 3000
Australia

GPO Box 1637
Melbourne Vic 3001
Australia

Telephone
61 3 8665 3100
Facsimile:
61 3 8665 3130

Email:
natoffice@nia.org.au

www.nia.org.au

ABN 81 004 130 643

Interpretations issued in these circumstances also provide useful guidance to practitioners and accountants operating in the middle market. Not all users of accounting standards have access to the body of growing precedent in the application of IFRS. An interpretation issued by the AASB on issues where existing accounting guidance is unclear.

Please feel free to contact our policy adviser Tom Ravlic via tom.ravlic@nia.org.au should you require further information.

Kindest Regards



Andrew Conway PNA
Deputy Chief Executive Officer
National Institute of Accountants

