19 June 2009

Mr Bruce Porter
Acting Chairman
Australian Accounting Standards Board
PO Box 204
Collins Street West VIC 8007

By email: standard@aasb.gov.au

Dear Bruce

ED 178: Income Tax

Thank you for the opportunity to comment on the AASB Exposure Draft 178 Income Tax. CPA Australia, The Institute of Chartered Accountants in Australia (The Institute) and the National Institute of Accountants (the Joint Accounting Bodies) have considered the above exposure draft (ED) and our comments follow.

The Joint Accounting Bodies represent over 180,000 professional accountants in Australia. Our members work in diverse roles across public practice, commerce, industry, government, academia throughout Australia and internationally.

We commend the IASB for tackling concerns raised by our constituents in relation to IAS 12 Income Taxes, and also for the Board's work converging with US GAAP. The ED should not proceed in its current form for the following reasons:

1. The ED does not achieve the major objective of US GAAP convergence; and
2. The tax base proposed in the ED has been determined based on a 'sale' assumption rather than a 'expected use' assumption. The 'sale' assumption will not report the true tax consequences of a transaction.

Further, the ED fails to improve the current standard overall as, whilst it clarifies and simplifies some aspects of IAS 12 Income Tax, in so doing it creates a number of problems and in some cases anomalous results.

The improvements proposed in the ED that are supported by constituents should be adopted in the short term through the Board's annual improvements project, and a longer term approach should be taken in conjunction with the FASB to achieve an improved standard. Any jointly proposed improved standard needs to clearly establish a link to the ongoing work on the conceptual framework as it relates to the definition and recognition of assets and liabilities.

Our response to matters on which specific comment is requested is included in the attached Appendix. Also attached is our submission to the IASB which includes our responses to the specific IASB questions for comment.

If you have any questions regarding this submission, please do not hesitate to contact either Mark Shying (CPA Australia) at mark.shying@cpaaustralia.com.au, Kerry Hicks (The Institute) at kerry.hicks@charteredaccountants.com.au or Tom Ravlic (NIA) at tom.ravlic@nia.org.au.

Yours sincerely

Geoff Rankin
Chief Executive Officer
CPA Australia Ltd

Graham Meyer
Chief Executive Officer
Institute of Chartered Accountants

Andrew Conway
Chief Executive Officer
National Institute of Accountants

1. Any issues that could arise from applying the proposals in this Exposure Draft to the specific features of Australian income tax laws. Please include in your consideration whether the proposals would resolve existing practice issues and the extent to which the proposals could create new practice issues;

As noted in our cover letter, we fundamentally disagree with the requirement that the tax basis is determined by the tax deductions that would be available if the entity recovered the carrying amount of the asset by sale. In a material number of situations the use of the sale basis for determining tax balances will result in deferred tax balances that will never be realised and therefore does not produce relevant financial information. In our view it is not possible to achieve the principle of reflecting the tax consequences of transactions when there is a rule determining the tax basis as being on a sale basis. In some cases this automatically precludes the true tax consequences of a transaction from being reported.

2. The implications that the proposals could have on Australian Interpretations that currently address Australian-specific income tax accounting issues, including Interpretation 1039 *Substantive Enactment of Major Tax Bills in Australia* and Interpretation 1052 *Tax Consolidation Accounting*, and your views on how those implications should be dealt with;

We do not regard the proposals as having significant implications for Australian Interpretations 1039 and 1052.

3. Whether there are any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals, particularly any issues relating to:
(a) not-for-profit entities; and
(b) public sector entities.
For example, whether there are any issues associated with applying the proposals to account for the obligations of public sector entities to pay 'income tax equivalents', noting that paragraph Aus2.1 of AASB 112 currently includes income tax equivalents within its scope;

Because we do not support these proposals for the private sector, we are similarly unable to support them for not-for-profit and public sector entities.

4. Whether, overall, the proposals would result in financial statements that would be useful to users; and

The proposals as currently drafted will not result in financial statements that will be useful to users as they may in some circumstances not accurately reflect the true tax position of the entity.

5. Whether the proposals are in the best interests of the Australian economy

The proposals as currently drafted are not in the best interests of the Australian economy as due to fundamental disagreements between the IASB and FASB they will not result in one globally converged standard. As we suggest in our cover letter, the improvements proposed in the ED that are supported by constituents should be adopted in the short term through the Board's annual improvements project, but a longer term approach should be taken in conjunction with the FASB to achieve a converged standard.

Additionally the complexity of some aspects of the proposals will increase the costs of preparing the financial statements without any corresponding increase in the quality of the financial information.

19 June 2009

Sir David Tweedie
International Accounting Standards Board
30 Cannon Street
LONDON EC4M 6XH
United Kingdom

Via "Open to comment" page on www.iasb.org

Dear Sir David

Comments on ED 2009/2 Income Tax

Thank you for the opportunity to comment on the IASB Exposure Draft 2009/2 Income Tax. CPA Australia, The Institute of Chartered Accountants in Australia (The Institute) and the National Institute of Accountants (the Joint Accounting Bodies) have considered the above exposure draft (ED) and our comments follow.

The Joint Accounting Bodies represent over 180,000 professional accountants in Australia. Our members work in diverse roles across public practice, commerce, industry, government, academia throughout Australia and internationally.

We commend the IASB for tackling concerns raised by our constituents in relation to IAS 12 *Income Taxes*, and also for the Board's work converging with US GAAP. The ED should not proceed in its current form for the following reasons:

1. The ED does not achieve the major objective of US GAAP convergence; and
2. The tax base proposed in the ED has been determined based on a 'sale' assumption rather than a 'expected use' assumption. The 'sale' assumption will not report the true tax consequences of a transaction.

Further, the ED fails to improve the current standard overall as, whilst it clarifies and simplifies some aspects of IAS 12, in so doing it creates a number of problems and in some cases anomalous results.

The improvements proposed in the ED that are supported by constituents should be adopted in the short term through the Board's annual improvements project, and a longer term approach should be taken in conjunction with the FASB to achieve an improved standard. Any jointly proposed improved standard needs to clearly establish a link to the ongoing work on the conceptual framework as it relates to the definition and recognition of assets and liabilities.

Our response to matters on which specific comment is requested is included in the attached Appendix.

If you have any questions regarding this submission, please do not hesitate to contact either Mark Shying (CPA Australia) at mark.shying@cpaaustralia.com.au, Kerry Hicks (The Institute) at kerry.hicks@charteredaccountants.com.au or Tom Ravlic (NIA) at tom.ravlic@nia.org.au.

Yours sincerely

Geoff Rankin	Graham Meyer	Andrew Conway
Chief Executive Officer	**Chief Executive Officer**	**Chief Executive Officer**
CPA Australia Ltd	**Institute of Chartered Accountants**	**National Institute of Accountants**

Question 1 - Definitions of tax basis and temporary difference
The exposure draft proposes changes to the definition of tax basis so that the tax basis does not depend on management's intentions relating to the recovery or settlement of an asset or liability. It also proposes changes to the definition of a temporary difference to exclude differences that are not expected to affect taxable profit. (See paragraphs BC17–BC23 of the Basis for Conclusions.)

Do you agree with the proposals? Why or why not?

We do not agree with the specification that the tax basis is determined by the tax deductions that would be available if the entity recovered the carrying amount of the asset by sale. This is because:

1. in a material number of situations the use of the sale basis for determining tax balances will result in deferred tax balances that will never be realised and therefore do not present relevant financial information
2. US GAAP does not currently define the tax basis, and our constituents tell us the interpretation in practice under US GAAP is not always the sale basis.

In our view it is not possible to achieve the principle of reflecting the tax consequences of transactions when there is a rule determining the tax basis as being on a sale basis. In some cases this automatically precludes the true tax consequences of a transaction from being reported. We have also heard very different interpretations of how the ED would apply in non-CGT environments, reinforcing our view that the ED as drafted will not result in an improvement in financial reporting.

Given our fundamental disagreement with the determination of the tax basis, we have not suggested alternative wordings.

We agree with the concept that temporary differences exclude differences that are not expected to affect taxable profit, as we fully support the principle that recognised temporary differences should reflect the tax consequences of the balance sheet as presented. However, there are varying interpretations of how the determination of the tax basis interacts with the definition of a temporary difference, so the application of the ED is unclear. We suggest the Board make the principle in the ED clear, so interpretation is consistent with the Board's intention.

Question 2 – Definitions of tax credit and investment tax credit
The exposure draft would introduce definitions of tax credit and investment tax credit. (See paragraph BC24 of the Basis for Conclusions.)
Do you agree with the proposed definitions? Why or why not?

No comment.

Question 3 – Initial recognition exception
The exposure draft proposes eliminating the initial recognition exception in IAS 12. Instead, it introduces proposals for the initial measurement of assets and liabilities that have tax bases different from their initial carrying amounts. Such assets and liabilities are disaggregated into (a) an asset or liability excluding entity-specific tax effects and (b) any entity-specific tax advantage or disadvantage. The former is recognised in accordance with applicable standards and a deferred tax asset or liability is recognised for any temporary difference between the resulting carrying amount and the tax basis. Outside a business combination or a transaction that affects accounting or taxable profit, any difference between the considerations paid or received and the total amount of the acquired assets and liabilities (including deferred tax) would be classified as an allowance or premium and recognised in comprehensive income in proportion to changes in the related deferred tax asset or liability. In a business combination, any such difference would affect goodwill. (See paragraphs BC25–BC35 of the Basis for Conclusions.)

Do you agree with the proposals? Why or why not?

We support the Board's intention of eliminating the initial recognition exemption in IAS 12 in principle, as we do not agree with the approach of exceptions to principles. However, we do not agree that the approach proposed in the ED will achieve this aim. Effectively the proposed treatment will increase the complexity of applying the standard, with the resulting amounts typically being the same as under the current IAS 12.

We suggest the Board continue its long term project of improving IAS 12, and through this strengthen the principle within IAS 12. The principle would then form the basis for the recognition
We support the concept that goodwill remain an exception, as goodwill is effectively a residual that by its nature cannot be tax affected.

Question 4 – Investments in subsidiaries, branches, associates and joint ventures
IAS 12 includes an exception to the temporary difference approach for some investments in subsidiaries, branches, associates and joint ventures based on whether an entity controls the timing of the reversal of the temporary difference and the probability of it reversing in the foreseeable future. The exposure draft would replace these requirements with the requirements in SFAS 109 and APB Opinion 23 Accounting for Income Taxes—Special Areas pertaining to the difference between the tax basis and the financial reporting carrying amount for an investment in a foreign subsidiary or joint venture that is essentially permanent in duration. Deferred tax assets and liabilities for temporary differences related to such investments are not recognised. Temporary differences associated with branches would be treated in the same way as temporary differences associated with investments in subsidiaries. The exception in IAS 12 relating to investments in associates would be removed. The Board proposes this exception from the temporary difference approach because the Board understands that it would often not be possible to measure reliably the deferred tax asset or liability arising from such temporary differences. (See paragraphs BC39–BC44 of the Basis for Conclusions.)

Do you agree with the proposals? Why or why not? Do you agree that it is often not possible to measure reliably the deferred tax asset or liability arising from temporary differences relating to an investment in a foreign subsidiary or joint venture that is essentially permanent in duration? Should the Board select a different way to define the type of investments for which this is the case? If so, how should it define them?

In relation to the ED as drafted, we support the inclusion of an exception for foreign subsidiaries. Feedback from our constituents is that in large global groups there are significant problems in attempting to establish a reliable tax basis for all entities in the group. In our view the conditions to apply the exception are onerous and we therefore suggest the exception be extended to all foreign subsidiaries where the tax basis cannot be calculated reliably.

We also recommend the exception be extended to domestic subsidiaries on a cost benefit basis. In Australia many groups have elected to be treated as a tax consolidated entity and therefore the entities within the group do not prepare separate tax returns. All tax balances are calculated on a group basis, and the balances allocated to group entities. Calculating the tax basis for each subsidiary would generally be an arbitrary and costly exercise that would add significantly to tax compliance costs. We note that SFAS 109 *Accounting for income taxes* exempts domestic subsidiaries in certain circumstances.

In our view the underlying issue is the rule proposed in the ED that the tax basis be determined on a sale basis. The conceptual basis of a consolidation is on a combined operating basis and not on the basis of realising the benefit of ownership through the sale of a subsidiary. Therefore we believe the real solution is clarifying the principle in the standard through a long term revision of IAS 12.

Question 5 – Valuation allowances
The exposure draft proposes a change to the approach to the recognition of deferred tax assets. IAS 12 requires a one-step recognition approach of recognising a deferred tax asset to the extent that its realisation is probable. The exposure draft proposes instead that deferred tax assets should be recognised in full and an offsetting valuation allowance recognised so that the net carrying amount equals the highest amount that is more likely than not to be realisable against taxable profit. (See paragraphs BC52–BC55 of the Basis for Conclusions.)

Question 5A
Do you agree with the recognition of a deferred tax asset in full and an offsetting valuation allowance? Why or why not?

We support this proposal as it will encourage entities to be more precise in their calculation of deferred tax assets especially when recovery is not likely. More clarity on the disclosure of the valuation allowance would be beneficial.

Question 5B
Do you agree that the net amount to be recognised should be the highest amount that is more likely than not to be realisable against future taxable profit? Why or why not?

We suggest the amount to be recognised should be the amount most likely to be realisable. Including the concept of the 'highest amount that is more likely than not to be realisable' is overly complex and therefore likely to result in different interpretations.

Question 6 – Assessing the need for a valuation allowance
Question 6A
The exposure draft incorporates guidance from SFAS 109 on assessing the need for a valuation allowance. (See paragraph BC56 of the Basis for Conclusions.)

Do you agree with the proposed guidance? Why or why not?

Agreed.

Question 6B
The exposure draft adds a requirement on the cost of implementing a tax strategy to realise a deferred tax asset. (See paragraph BC56 of the Basis for Conclusions.)

Do you agree with the proposed requirement? Why or why not?

We agree conceptually with the proposed requirement, but do not support its inclusion without more detailed guidance. Our constituents also comment it would be difficult to reliably calculate these costs.

Question 7 – Uncertain tax positions
IAS 12 is silent on how to account for uncertainty over whether the tax authority will accept the amounts reported to it. The exposure draft proposes that current and deferred tax assets and liabilities should be measured at the probability-weighted average of all possible outcomes, assuming that the tax authority examines the amounts reported to it by the entity and has full
knowledge of all relevant information. (See paragraphs BC57–BC63 of the Basis for Conclusions.)

Do you agree with the proposals? Why or why not?

We support the concept of including guidance on accounting for uncertain tax positions. However, we do not support the proposals in the ED. Rather, we suggest the Board mirror more closely the requirements in FIN 48 *Accounting for Uncertainty in Income Taxes* - an interpretation of FASB Statement No. 109 as:

1. this would align US GAAP and IAS 12
2. we support a threshold approach rather than the approach proposed in the ED, on both conceptual and cost/benefit grounds.

We appreciate the proposals in the ED reflect the approach of the Board's other work on liabilities. However, this work was not supported by us or many of our constituents, and has not yet been resolved. As we have commented in previous submissions, we strongly urge the Board not to change the principles contained in the Framework in a piecemeal manner. We agree the Framework is a work in progress, and welcome debate on that document. Once the principles have been determined at the Framework level, these principles should then be applied consistently to all standards.

In relation to uncertain tax positions, often the tax treatment is a grey area and not resolved until agreed by the tax authority and entity, often after negotiation, or in some cases in court. Measuring tax assets and liabilities using the probability-weighted average of all possible outcomes would be arbitrary, and thus could not result in more reliable information for the users of the financial report. Its relevance would also be questionable given the arbitrary nature of the calculations.

In contrast, a better approach would be to incorporate a probability threshold and require an entity to identify the most likely outcome. Effectively this would adjust the measurement of amounts where there is an identified dispute with a tax authority. Our constituents comment this measurement provides more relevant and reliable information than as proposed in the ED. It would also align more closely with the proposed disclosure in paragraph 49 of the ED which refers to unresolved disputes with the tax authorities.

On a cost/benefit basis, calculating the amounts as proposed in the ED would be onerous and therefore add significantly to tax compliance costs.

Should the standard be issued as proposed, we strongly urge the IASB to provide more guidance on how to calculate the probability-weighted average of all possible outcomes including guidance on the unit of account to be included in the calculation.

Question 8 – Enacted or substantively enacted rate
IAS 12 requires an entity to measure deferred tax assets and liabilities using the tax rates enacted or substantively enacted by the reporting date. The exposure draft proposes to clarify that substantive enactment is achieved when future events required by the enactment process historically have not affected the outcome and are unlikely to do so. (See paragraphs BC64–BC66 of the Basis for Conclusions.)

Do you agree with the proposals? Why or why not?

Agreed.

Question 9 – Sale rate or use rate
When different rates apply to different ways in which an entity may recover the carrying amount of an asset, IAS 12 requires deferred tax assets and liabilities to be measured using the rate that is consistent with the expected manner of recovery. The exposure draft proposes that the rate should be consistent with the deductions that determine the tax basis, ie the deductions that are available on sale of the asset. If those deductions are available only on sale of the asset, then the entity should use the sale rate. If the same deductions are also available on using the asset, the entity should use the rate consistent with the expected manner of recovery of the asset. (See paragraphs BC67–BC73 of the Basis for Conclusions.)

Do you agree with the proposals? Why or why not?

The rate used should be consistent with the expected manner of recovery. However, this proposal is not consistent with the use of the sale basis in the determination of the tax basis and will result in anomalous results.

As indicated above, this issue should be addressed in a long term review of the standard.

Question 10 – Distributed or undistributed rate
IAS 12 prohibits the recognition of tax effects of distributions before the distribution is recognised. The exposure draft proposes that the measurement of tax assets and liabilities should include the effect of expected future distributions, based on the entity's past practices and expectations of future distributions. (See paragraphs BC74–BC81 of the Basis for Conclusions.)

Do you agree with the proposals? Why or why not?

To the extent that earnings in foreign subsidiaries will incur significant taxes (this could include withholding tax imposed by a foreign country on distributions plus additional Australian tax) upon distribution to Australian shareholders, we strongly support these rates to be taken into account when recording tax liabilities. However we do not believe this concept is particularly clear in the ED and request further clarity around this. We note that the recognition of such taxes is based on management intention, and therefore scope exists for these not to be recognised. In these cases we strongly recommend that the nature and quantum of such amounts be disclosed.

Question 11 – Deductions that do not form part of a tax basis
An entity may expect to receive tax deductions in the future that do not form part of a tax basis. SFAS 109 gives examples of 'special deductions' available in the US and requires that 'the tax benefit of special deductions ordinarily is recognized no earlier than the year in which those special deductions are deductible on the tax return'. SFAS 109 is silent on the treatment of other deductions that do not form part of a tax basis. IAS 12 is silent on the treatment of tax deductions that do not form part of a tax basis and the exposure draft proposes no change. (See paragraphs BC82–BC88 of the Basis for Conclusions.)

Do you agree that the exposure draft should be silent on the treatment of tax deductions that do not form part of a tax basis? If not, what requirements do you propose, and why?

No comment.

Question 12 – Tax based on two or more systems
In some jurisdictions, an entity may be required to pay tax based on one of two or more tax systems, for example, when an entity is required to pay the greater of the normal corporate income tax and a minimum amount. The exposure draft proposes that an entity should consider any interaction between tax systems when measuring deferred tax assets and liabilities. (See paragraph BC89 of the Basis for Conclusions.)

Do you agree with the proposals? Why or why not?

No comment.

Question 13 – Allocation of tax to components of comprehensive income and equity
IAS 12 and SFAS 109 require the tax effects of items recognised outside continuing operations during the current year to be allocated outside continuing operations. IAS 12 and SFAS 109 differ, however, with respect to the allocation of tax related to an item that was recognised outside continuing operations in a prior year. Such items may arise from changes in the effect of uncertainty over the amounts reported to the tax authorities, changes in assessments of recovery of deferred tax assets or changes in tax rates, laws, or the taxable status of the entity. IAS 12 requires the allocation of such tax outside continuing operations, whereas SFAS 109 requires allocation to continuing operations, with specified exceptions. The IAS 12 approach is sometimes described as requiring backwards tracing and the SFAS 109 approach as prohibiting backwards tracing. The exposure draft proposes adopting the requirements in SFAS 109 on the allocation of tax to components of comprehensive income and equity. (See paragraphs BC90–BC96 of the Basis for Conclusions.)

Question 13A
Do you agree with the proposed approach? Why or why not?

The exposure draft deals with allocation of tax to components of comprehensive income and equity in paragraphs 29–34. The Board intends those paragraphs to be consistent with the requirements expressed in SFAS 109.
Question 13B
Would those paragraphs produce results that are materially different from those produced under the SFAS 109 requirements? If so, would the results provide more or less useful information than that produced under SFAS 109? Why?

The exposure draft also sets out an approach based on the IAS 12 requirements with some amendments. (See paragraph BC97 of the Basis for Conclusions.)
Question 13C
Do you think such an approach would give more useful information than the approach proposed in paragraphs 29–34? Can it be applied consistently in the tax jurisdictions with which you are familiar? Why or why not?

Question 13D
Would the proposed additions to the approach based on the IAS 12 requirements help achieve a more consistent application of that approach? Why or why not?

In relation to the issues addressed in Question 13, we do not agree with the proposed approach as we believe backward tracing reflects the substance of the transaction more closely.

Question 14 – Allocation of current and deferred taxes within a group that files a consolidated tax return
IAS 12 is silent on the allocation of income tax to entities within a group that files a consolidated tax return. The exposure draft proposes that a systematic and rational methodology should be used to allocate the portion of the current and deferred income tax expense for the consolidated entity to the separate or individual financial statements of the group members. (See paragraph BC100 of the Basis for Conclusions.)

Do you agree with the proposals? Why or why not?

Agreed. Given the unique nature of the tax regime in each jurisdiction, an approach based on a high level principle is appropriate. Each jurisdiction can then provide guidance on the interaction of their tax consolidation scheme with the standard, as is the case in Australia.

Question 15 – Classification of deferred tax assets and liabilities
The exposure draft proposes the classification of deferred tax assets and liabilities as current or non-current, based on the financial statement classification of the related non-tax asset or liability. (See paragraphs BC101 and BC102 of the Basis for Conclusions.)

Do you agree with the proposals? Why or why not?

The proposals in the ED are not appropriate. The principles in AASB 101 *Presentation of Financial Statements* should adequately cover current versus non-current classification requirements across the entire suite of standards, therefore there is no need for individual standards to propose contrary requirements.

Question 16 – Classification of interest and penalties
IAS 12 is silent on the classification of interest and penalties. The exposure draft proposes that the classification of interest and penalties should be a matter of accounting policy choice to be applied consistently and that the policy chosen should be disclosed. (See paragraph BC103 of the Basis for Conclusions.)

Do you agree with the proposals? Why or why not?

Agreed, as more clarification is provided.

Question 17 – Disclosures
The exposure draft proposes additional disclosures to make financial statements more informative. (See paragraphs BC104–BC109 of the Basis for Conclusions.)

Do you agree with the proposals? Why or why not?
The disclosures required by paragraph 48(g) in the proposal, relating to the tax bases in respect of entities that are not subject to tax, are unnecessary. Such information is not practically available as the tax bases are determined in the hands of individual owners of the entities. This information will not be accessible by the entities concerned.

The disclosures in paragraph 49 should be amended to include the words 'where practicable' at the end of section (b). The proposals need to be curbed by incorporating a paragraph similar to the current disclosure requirement in IAS 37, paragraph 92. This paragraph deals with rare circumstances where detailed disclosures can be expected to 'prejudice seriously the position of entities' resulting in the requirement to disclose only the general nature, rather than detailed information.

The Board also considered possible additional disclosures relating to unremitted foreign earnings. It decided not to propose any additional disclosure requirements. (See paragraph BC110 of the Basis of Conclusions.)
Do you have any specific suggestions for useful incremental disclosures on this matter? If so, please provide them.

In accordance with our comments in Question 10, where taxation amounts related to unremitted foreign earnings have not been recognised, we recommend disclosure of the nature and amount of such taxes.

Question 18 – Effective date and transition
Paragraphs 50–52 of the exposure draft set out the proposed transition for entities that use IFRSs, and paragraph C2 sets out the proposed transition for first-time adopters. (See paragraphs BC111–BC120 of the Basis for Conclusions.)

Do you agree with these proposals? Why or why not?

The proposals are not entirely clear, particularly in areas such as:
- the transitional provisions seem to be inconsistent with the proposal to abolish backward tracing
- items acquired on acquisition that have DTLs under the current standard that no longer have DTLs under this proposal. Originally these DTLs would have been adjusted against goodwill however the proposals would seem to make the transitional adjustment against retained earnings.

Other comments

The Board needs to clarify the boundaries of what is considered 'taxable profit' and therefore an 'income tax'. This clarification would remove the need for country specific interpretations, such as that issued by the Australian Accounting Standard Board AASB Interpretation 1003 *Australian Petroleum Resource Rent Tax*.