

16 JAN 2012

13 January 2012

The Chairman  
Australian Accounting Standards Board  
PO Box 204  
Collins Street  
West Victoria 8007

## **Tentative Agenda Decision Proposed Minerals Resource Rent Tax - Potential Accounting Issues**

Dear Mr Stevenson

Ernst & Young Australia is pleased to provide our comments on the tentative agenda decisions made at the AASB meeting held on 7 and 8 December 2011 (the "Tentative Agenda Decisions"), and issued on 13 December 2011.

We agree with the Board's conclusions, and the reason for those conclusions, not to add the following three matters to the Board's agenda:

- 1) Whether the proposed Australian Minerals Resource Rent Tax ("MRRT") would be an income tax within the scope of AASB 112 *Income Taxes*.

We believe MRRT is similar in structure and nature to PRRT and that the conclusions reached in AASB Int. 1003 *Australian Petroleum Resource Rent Tax* are also applicable to the MRRT. Therefore we agree that MRRT is in the scope of AASB 112.

- 2) Accounting for the starting base allowance market value uplift in the proposed resource rent tax Bills.

We agree that the application of AASB 112 results in the adjustment to the tax base giving rise to a deductible temporary difference.

- 3) Substantive enactment of the resource rent tax Bills.

We believe that the guidance in AASB Int 1039 *Substantive Enactment of Major Tax Bills in Australia* is sufficient, and requires judgement to be applied. We agree that any additional guidance would potentially be in the nature of an arbitrary 'rule' and have concerns as to other potential consequences.

Please contact Lynda Tomkins ([lynda.tomkins@au.ey.com](mailto:lynda.tomkins@au.ey.com) on (02) 9276 9605) or Vincent Sheehan ([vincent.sheehan@au.ey.com](mailto:vincent.sheehan@au.ey.com) on (03) 9655 2941) if you wish to discuss any of the matters included in this letter.

Yours sincerely



Ernst & Young