

15 November 2016

Chair  
IFRS Interpretations Committee  
30 Cannon Street  
London  
United Kingdom  
EC4M 6XH

Dear Sir

**Tentative agenda decision – IAS 12 *Income Taxes: Recognition of deferred taxes when acquiring a single-asset entity that is not a business***

Deloitte Touche Tohmatsu Limited is pleased to respond to the IFRS Interpretations Committee's publication in the September IFRIC Update of the tentative decision not to take onto the Committee's agenda the request for an amendment to IAS 12 in respect of the accounting in consolidated financial statements for the purchase of a single-asset entity that does not meet the definition of a business in IFRS 3 *Business Combinations*.

We agree with the analysis of the IAS 12's requirements included in the tentative agenda decision. However, we note that purchases and sales of 'single-asset' entities give rise to a number of issues around not only deferred tax accounting, but also fair value measurement and (as noted in the IASB's current project on the definition of a business) the distinction between asset purchase and business combination accounting.

As such, we recommend that the wider accounting issues arising from such transactions be considered by the Board as it develops its agenda for the next three years.

If you have any questions concerning our comments, please contact Veronica Poole in London at +44 (0) 20 7007 0884.

Yours sincerely



**Veronica Poole**  
Global IFRS Leader