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IASB proposes to amend one aspect of accounting for deferred tax

The International Accounting Standards Board (IASB) today published for public comment an exposure draft *Deferred Tax: Recovery of Underlying Assets*.

The proposal would amend one aspect of IAS 12 *Income Taxes*. Under IAS 12, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using the asset or by selling the asset. In some cases, it is difficult and subjective to assess whether recovery will be through use or through sale.

To provide a practical approach in such cases, the proposed amendment would introduce a presumption that an asset is recovered entirely through sale unless the entity has clear evidence that recovery will occur in another manner.

The presumption would apply when investment properties, property, plant and equipment or intangible assets are remeasured at fair value or revalued at fair value.

The exposure draft, *Deferred Tax: Recovery of Underlying Assets* is open for comment until 9 November 2010 and can be accessed via the ‘Comment on a Proposal’ section of [www.ifrs.org](http://www.ifrs.org).

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Notes to editors

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