

Wayne Upton
Chairman
IFRS Interpretations Committee
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7 April 2014

Dear Mr Upton

Tentative agenda decision - IAS 12 *Income Taxes*: Impact of an internal reorganisation on deferred tax amounts related to goodwill

Deloitte Touche Tohmatsu Limited is pleased to respond to the IFRS Interpretations Committee's publication in the January IFRIC Update of the tentative decision not to take onto the Committee's agenda a request for guidance on the calculation of deferred tax as a consequence of an internal reorganisation of an entity.

We agree with the IFRS Interpretations Committee's decision not to add this item onto its agenda for the reasons set out in the tentative agenda decision but note that the initial recognition exemption would apply from the point of view of the individual financial statements of Entity A. For that reason, we suggest that the agenda decision could be made clearer by noting that the statement that "transferring the goodwill to Subsidiary A would not meet the initial recognition exception described in paragraph 15 and 24 of IAS 12" refers to the consolidated financial statements of Entity H. In addition, we note that the description of the circumstances makes no reference to whether Entity H is able to transfer tax losses to Entity A via group relief as it claims deductions on the (tax) goodwill. We recommend that the agenda decision state that this is not the case as such an ability could alter the accounting analysis.

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

Yours sincerely



Veronica Poole
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