EFRAG

European Financial Reporting Advisory Group

Draft IFRIC Interpretation DI/2015/1 *Uncertainty over Income Tax Treatments*

Feedback to constituents – EFRAG Final Comment Letter

February 2016

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Introduction

Objective of this feedback statement

EFRAG published its final comment letter on the Draft IFRIC Interpretation DI/2015/1 *Uncertainty over Income Tax Treatments* ('draft Interpretation') on 12 February 2016. This feedback statement summarises the main comments received by EFRAG on its draft comment letter and explains how those comments were considered by EFRAG during its technical discussions leading to the publication of EFRAG's final comment letter.

Background to the ED

On 21 October 2015 the IFRS Interpretations Committee (IFRS IC) published the Draft IFRIC Interpretation DI/2015/1, with comments due by 19 January 2016.

The draft Interpretation is applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, in circumstances in which there is uncertainty over income tax treatments that affects the application of IAS 12 *Income Taxes*. It is not limited to a specific situation.

This draft Interpretation addressed:

(a) whether an entity should consider uncertain tax treatments collectively;

(b) the assumptions an entity should make about the examination of tax treatments by taxation authorities;

(c) how an entity should determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and

(d) how an entity should consider changes in facts and circumstances.

The proposed consensus was:

(a) An entity shall determine whether each uncertain tax treatment should be considered separately or together as a group, based on which approach provides better predictions of the resolution of the uncertainty.

(b) Uncertain tax treatments are assessed under the assumption that a taxation authority will examine those amounts and have full knowledge of all relevant information when making those examinations.

(c) An entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates:

   (i) consistently with the tax treatment in its income tax filings if it is probable that the taxation authority will accept an uncertain tax treatment; or

   (ii) by using the most likely amount or the expected value methods if it is not probable that the taxation authority will accept an uncertain tax treatment, based on which method will provide the better prediction of the resolution of the uncertainty.

(d) If facts and circumstances change, an entity shall reassess the judgements and estimates required by the draft Interpretation.

The draft Interpretation did not introduce any new disclosure requirements, but referred to existing disclosure requirements in IAS 1 *Presentation of Financial Statements*, IAS 12 and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Further details are available on the EFRAG website.

EFRAG's draft comment letter

EFRAG published a draft comment letter on the proposals on 17 November 2015. In the draft comment letter, EFRAG supported the proposed requirements as they would remove the existing inconsistencies in accounting for uncertain income tax treatments.

However EFRAG TEG observed that the proposed requirements might create an inconsistency between accounting for uncertainty in income tax treatments and accounting for uncertainties relating to other types of tax and similar positions. Through a separate Appendix to the draft comment letter, EFRAG sought constituents' views on whether this inconsistency should be addressed. The outcome of this consultation was not intended to be part of the final comment letter. EFRAG planned to consider whether and how to address the issue after receiving the inputs from constituents.

Comments received from constituents

Twelve comment letters were received from constituents and considered by EFRAG in its discussions. These comment letters are available on the EFRAG website.

The comment letters received came from national standard setters, business associations, an EU regulatory authority and a preparer group.

The constituents generally agreed that proposals in the draft Interpretation bring an appropriate interpretation of IAS 12. They suggested certain clarifications in the text of the Interpretation which are further detailed below in the analysis of the issues. Six constituents referred to the asymmetric treatments of uncertainties for different kinds of positions and proposed that the IASB addresses this within the context of IAS 37, IAS 12 or the Conceptual Framework.

EFRAG's final comment letter

EFRAG agrees with the draft Interpretation as it will remove the existing inconsistencies in accounting for uncertain income tax treatments.

EFRAG also observes that the proposed requirements may, in certain circumstances, lead to accounting for similar uncertainties on different basis. Uncertainties arising in the area of income taxes would be in scope of the Interpretation. However, for other taxes or positions (e.g. value added taxes, antitrust litigations) which may be viewed as economically similar the treatment may not be clear and entities may apply different approaches. EFRAG suggests that the IASB consider whether and how to address these differences for similar economic events. EFRAG understands that this issue is beyond the remit of the IFRS Interpretations Committee and therefore it should not influence its work on finalising the Interpretation.

EFRAG suggests a few clarifications in the final text of the Interpretation further detailed below in the analysis of the issues.

Detailed analysis of issues, comments received and changes made to EFRAG's final comment letter

EFRAG's tentative views expressed in the draft comment letter and constituents' comments

General comments and Cover Letter

EFRAG's tentative position

EFRAG agreed with the draft Interpretation as it will remove the existing inconsistencies in accounting for uncertain income tax treatments.

Constituents' comments

Eleven out of twelve constituents agreed that the proposals were an appropriate interpretation of uncertainties arising in the area of income taxes.

One constituent referred to the inconsistency between the accounting for uncertainty over *income* tax and *other tax* treatments. They understood that this inconsistency was beyond the remit of the IFRS IC and recommended the IASB to address the wider issue of symmetric vs. asymmetric treatments of uncertainty in the revision of the Conceptual Framework. Subsequently, aligning the accounting treatments of the different Standards should be considered.

One constituent observed diversity in practice in accounting for uncertainties over other taxes in their country and believed that the IASB should address it in a comprehensive project.

One constituent asked the IASB to continue its work on updating IAS 37 to avoid inconsistencies and uncertainties in interpretation of criteria for recognition of different kinds of liabilities.

Another constituent asked that the IASB prioritises the long-term research project on income taxes and addresses the issue of inconsistency as a part of it.

EFRAG's response to constituents' comments

EFRAG final position

EFRAG considered the comments and included in the final comment letter the observation that the proposed requirements may, in certain circumstances, lead to accounting for similar uncertainties on different bases. However, for other taxes or positions (e.g. value added taxes, antitrust litigations) which may be viewed as economically similar the treatment may not be clear and entities may apply different approaches. Based on EFRAG's observations, the potential for inconsistency is limited to asset positions resulting from payments made in respect of disputed amounts. EFRAG suggests that the IASB considers whether and how to address these differences for similar economic events. EFRAG understands that this issue is beyond the remit of the IFRS IC and therefore it should not influence its work on finalising the Interpretation.

EFRAG's tentative views expressed in the draft comment letter and constituents' comments

Scope of the draft Interpretation

Proposals in the draft Interpretation

The draft Interpretation provides guidance on accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. Such uncertain tax treatments may affect taxable profit (tax loss), tax bases, tax credits or tax rates that are used to recognise and measure current or deferred tax liabilities or assets in accordance with IAS 12 *Income Taxes*.

EFRAG's tentative position

EFRAG agreed with the scope of the draft Interpretation focused on uncertainties over income taxes treatments. This is not explicitly addressed by IAS 12 and diversity in practice exists.

Constituents' comments

Eleven out of twelve constituents agreed with the scope of the draft Interpretation.

One constituent suggested reconsidering the introductory wording in paragraph 9 of the draft Interpretation *"This draft] Interpretation does not change any existing requirements of IAS 12".* They felt that such wording was inconsistent with the current diversity in the accounting treatments of uncertain tax treatments as also confirmed in paragraph 7. The wording could be also perceived as implying that practices of entities that reached a different conclusion could be perceived as erroneous.

EFRAG's response to constituents' comments

EFRAG final position

EFRAG considered the feedback received. EFRAG decided to point to the fact that the uncertain tax positions may arise in business combinations and, without affecting finalisation of the Interpretation, EFRAG decided to bring to the IASB's attention that changes may be necessary in relevant Standards. EFRAG observed that paragraph BC295 of IFRS 3 *Business Combinations* explains that when developing IFRS 3, IAS 12 was silent on income tax uncertainties and the IASB did not address this issue. The issue of the Interpretation suggests that this might be reconsidered.

In all other respects, EFRAG maintained its initial view because:

(a) In EFRAG's view the sentence *"This [draft] Interpretation does not change any existing requirements of IAS 12",* although not having much added value, does not imply that previous practices could be considered as erroneous. It is inherent in any interpretation that accounting options implicitly existed before its issue and the objective is to eliminate them.

(b) EFRAG considered that the draft Interpretation provides sufficient guidance to address the issue in the original submission. The scope addresses the issues of uncertain income tax treatments from a broader perspective. Further the draft Interpretation provides guidance both on recognition and measurement of uncertain income tax positions.

EFRAG's tentative views expressed in the draft comment letter and constituents' comments	**EFRAG's response to constituents' comments**
Another constituent commented that there was also diversity in practice when recognising uncertain tax position in a business combination. For deferred taxes paragraph 24 of IFRS 3 *Business Combinations* includes a reference to IAS 12. They would recommend to the IASB to include a statement in IFRS 3 that IAS 12 is applicable to all income tax positions in a business combination. One constituent noted that the submission to the Interpretations Committee was in respect of current tax when an entity considers that the treatment determined by the taxation authority is not correct and decides to claim the amount. This was not explicitly addressed in the draft Interpretation, the treatment could only be inferred from paragraphs BC14 to BC20. They considered that this should be addressed in the Interpretation itself. Another constituent found useful to introduce an illustrative example that deals with the fact pattern in the original submission. One constituent, despite agreeing with the solution set out in the draft Interpretation, noted that the draft Interpretation perhaps could have followed another argument without excluding events analysed out of the scope of IAS 37. This could have resulted in the same approach in similar cases such as VAT. Two constituents commented that the draft Interpretation should also deal with the treatment of interest and fines related to uncertain tax positions. Another constituent also referred to doubts arising in practice in relation to additional payments related to previous periods such as administration fees, default interest, and sanctions. The constituent which did not agree with the scope noted that the subject could be handled within a narrow scope amendment of IAS 12. The question in the submission was whether to recognise a tax asset and the scope of the Interpretation should have been the determination of whether it is probable	(c) The scope of the draft Interpretation is limited to income taxes and interactions with transactions within the scope of IAS 37 in order to achieve the same approach in similar cases is not feasible within the draft Interpretation. The comment letter discusses potential different treatments in accounting for similar positions in the general comments part. (d) IAS 12 is silent on the classification of interest and penalties. As a result, the draft Interpretation cannot take a broader scope.

EFRAG's tentative views expressed in the draft comment letter and constituents' comments	EFRAG's response to constituents' comments
that there will be a flow of economic benefits. Instead, the draft Interpretation provides guidance for measurement rather than for recognition.	

EFRAG's tentative views expressed in the draft comment letter and constituents' comments

When and how the effect of uncertainty over income tax treatments should be included in determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

Proposals in the draft Interpretation

The draft Interpretation requires an entity to consider whether it is probable that a taxation authority will accept an uncertain tax treatment, or group of uncertain tax treatments, that it used or plans to use in its income tax filings.

If the entity concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the draft Interpretation requires the entity to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.

If the entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, the draft Interpretation requires the entity to use the most likely amount or the expected value method in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The entity should use the method that it concludes will provide the better prediction of the resolution of uncertainty.

EFRAG's tentative position

EFRAG agreed with the proposal in the draft Interpretation on when and how the effect of uncertainty should be included in the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

EFRAG's response to constituents' comments

EFRAG final position

EFRAG considered the feedback and maintained its initial view.

EFRAG did not reflect the comment suggesting that the term 'probable' be defined. This issue is common to all standards using the term without defining it and entities have been able to find sensible interpretations in this respect. Defining the term would go beyond the scope of the Interpretation.

Regarding the comment on the sentence outlining the estimation methods EFRAG considers that the wording in the draft Interpretation is sufficiently clear and will not create misapplication in this area.

EFRAG did not reflect the comment asking for removal of the proposed list of acceptable methods and the comment of the disagreeing constituent proposing different recognition and measurement basis. They would change the recognition and measurement concept in the Interpretation to which other constituents agreed.

EFRAG did not reflect the comment asking for the 'probability' principle as discussed in paragraph BC18 to be moved to the Consensus part of the Interpretation. EFRAG considers that paragraphs 14 to 16 of the draft Interpretation bring sufficient guidance in this respect.

EFRAG's tentative views expressed in the draft comment letter and constituents' comments	**EFRAG's response to constituents' comments**

Constituents' comments

Eleven out of twelve constituents agreed with the proposal in the draft Interpretation on how and when the effect of uncertainty over income tax treatments should be included in determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

One constituent believed that the sentence outlining the estimation methods (the most likely outcome or the expected value) in paragraph 16 should read: *"The entity shall use one of the following two methods that it concludes will provide the better prediction of the resolution of the uncertainty and reflection of this effect."* As a result, the last sentence in the paragraph would be deleted.

One constituent suggested that the term 'probable' be defined in the Interpretation since it is not defined in IFRS besides IAS 37. This constituent questioned whether this was a higher threshold than 'more likely than not'.

One constituent suggested removal of the proposed list of acceptable methods. They believed entities should be allowed to use on a consistent basis the method that they consider to be the best estimate of the amount to be paid to (recovered from) the taxation authorities. This could also include the cumulative–probability method which would avoid having a difference between the US GAAP and IFRS requirements.

In the view of the constituent which did not agree with the requirements, no tax liability or asset would be recognised only in instances when it is not probable that there will be any tax payment or receipts. In all other cases, measurement should follow paragraph 46 of IAS 12 referring to amount expected to be paid to (recovered from) taxation authorities.

EFRAG's tentative views expressed in the draft comment letter and constituents' comments	EFRAG's response to constituents' comments
One constituent suggested that the content of paragraph BC18 'in case of uncertainties relating to income taxes, the entity should use a 'probable' threshold for the recognition of current / deferred uncertain tax assets and liabilities' should be highlighted in the Consensus part of the Interpretation.	

EFRAG's tentative views expressed in the draft comment letter and constituents' comments

Whether uncertain tax treatments should be considered collectively

Proposals in the draft Interpretation

The draft Interpretation requires an entity to use judgement to determine whether each uncertain tax treatment should be considered independently, or whether some uncertain tax treatments should be considered together, in order to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

EFRAG's tentative position

EFRAG agreed that entities should use judgement to determine whether each uncertain tax treatment should be considered independently, or whether some uncertain tax treatments should be considered on collective basis.

Constituents' comments

All constituents agreed with the proposal that an entity has to use judgement to determine whether each uncertain tax treatment should be considered independently, or whether some uncertain tax treatments should be considered together.

One constituent suggested that the term 'consider uncertain tax treatments *collectively*' should be explained further, e.g. by an illustrative example. Another constituent considered example 1 and 2 as helpful in illustrating application of the individual or collective treatment. Another constituent proposed deleting paragraph 12 which provided an example for the collective assessment. This

EFRAG's response to constituents' comments

EFRAG final position

EFRAG considered the feedback and maintained its initial view.

EFRAG decided not to reflect the comments suggesting that the guidance should be enhanced by an illustrative example or that paragraph 12 bringing an example for collective assessment should be deleted. In EFRAG's view, the guidance is sufficient as also confirmed by another constituent's comment on its helpfulness and paragraph 12 provides an illustration which may be useful for practical considerations of when collective assessment would be required.

EFRAG's tentative views expressed in the draft comment letter and constituents' comments	EFRAG's response to constituents' comments
constituent believed that it was unhelpful in gaining a good understanding of the guidance.	

EFRAG's tentative views expressed in the draft comment letter and constituents' comments

Assumptions for taxation authorities' examinations and the effect of changes in facts and circumstances

Proposals in the draft Interpretation

The draft Interpretation requires an entity to assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when making those examinations. The draft Interpretation also requires an entity to reassess its judgements and estimates if facts and circumstances change. For example, if an entity concludes that new information indicates that it is no longer probable that the taxation authority will accept an uncertain tax treatment, the entity should reflect this change in its accounting in the period of the change. The expiry of the period in which the taxation authority may examine the amounts reported to it would also be an example of a change in circumstances.

EFRAG's tentative position

EFRAG observed that IFRS compliant financial reporting is expected to reflect the effects of tax laws and therefore agreed with the assumption that a taxation authority will examine any amounts reported to it and will have full knowledge of all relevant information when making those examinations as long as the rights to examine tax filings continue to exist. EFRAG also agreed with the requirement to consider changes in facts and circumstances and the related guidance. Further, EFRAG suggested that paragraph 13 of the draft Interpretation should explicitly state that "IAS 12 is based on the principle that income tax is determined based on compliance with tax law".

EFRAG's response to constituents' comments

EFRAG final position

EFRAG considered the feedback and maintained its initial view.

EFRAG decided to not reflect the comment requesting for a clarification how new facts and circumstances are to be assessed in light of IAS 10. In its opinion paragraph 18 of the draft Interpretation requiring that the change be reflected in the period of the change is consistent with the requirements of IAS 10.

Regarding the comment on the Appendix A being too rules-based EFRAG decided not to propose the change since in EFRAG's view the guidance is consistent with the assumption that a taxation authority will examine any amounts reported to it and will have full knowledge of all relevant information. Further, no other constituents expressed concerns in this respect.

EFRAG did not reflect the comment asking for incorporating the possibility of examination since it contradicted the views taken by EFRAG and other constituents which supported that a taxation authority is assumed to examine the amounts and will have full knowledge of all relevant information.

EFRAG's tentative views expressed in the draft comment letter and constituents' comments	EFRAG's response to constituents' comments
Constituents' comments Eleven out of twelve constituents agreed with the proposal on assumptions for taxation authorities' examinations and the effect of changes in facts and circumstances. One constituent noted that it was not clear how new facts and circumstances are to be assessed in light of IAS 10 *Events after the Reporting Period*. It had been brought to their attention that the equivalent requirement under US GAAP would foresee that new facts and circumstances are always treated as non-adjusting events. One constituent, although supporting the presumption of full knowledge by the tax authorities, believed that Appendix A was too rules-based and would lead to overly prudent assessments and too conservative provisions. It could be interpreted that for a provision to be reversed an explicit declaration from tax authorities originating from a tax audit would be required. One constituent agreed with the assumption that taxation authorities have full knowledge of all relevant information. However, regarding the assumption that a taxation authority will examine those amounts they thought that might impose difficulties in countries where the right of taxation authorities never expires. In their view, incorporating the possibility of examination would provide more useful information.	

EFRAG's tentative views expressed in the draft comment letter and constituents' comments	EFRAG's response to constituents' comments

Disclosure

Proposals in the draft Interpretation

The draft Interpretation does not introduce any new disclosure requirements, but highlights the relevance of the existing disclosure requirements in paragraphs 122 and 125–129 of IAS 1 *Presentation of Financial Statements*, paragraph 88 of IAS 12 and IAS 37.

EFRAG's tentative position

EFRAG agreed with the disclosure guidance which is based on references to the existing disclosure requirements in IAS 1, IAS 12 and IAS 37.

Constituents' comments

All eleven constituents commenting on this issue agreed with the proposed disclosure guidance. One constituent did not comment based on their disagreement with addressing the issue through an Interpretation.

One constituent suggested that paragraph 10 of the draft Interpretation listing the issues should also refer to disclosure requirements since they are among those issues which are addressed in detail in the following paragraphs.

EFRAG final position

EFRAG considered the feedback and maintained its initial view. The final comment letter includes a suggestion that the paragraph of the final Interpretation which lists the issues addressed by the Interpretation should also refer to disclosures.

EFRAG's tentative views expressed in the draft comment letter and constituents' comments	EFRAG's response to constituents' comments

Transition

Proposals in the draft Interpretation

The draft Interpretation requires an entity to apply its requirements by recognising the cumulative effect of initially applying the Interpretation in retained earnings, or in other appropriate components of equity, at the start of the reporting period in which an entity first applies them, without adjusting comparative information. Full retrospective application is permitted, if an entity can do so without using hindsight.

EFRAG's tentative position

EFRAG agreed with the limited retrospective application since uncertain tax treatments are highly judgmental and full retrospective application would carry significant risk of using hindsight.

Constituents' comments

Eleven out of twelve constituents agreed with the transition requirements.

One constituent also noted that in most cases in which uncertain tax positions exist that they were aware of, an entity would need to apply hindsight, thus ruling out retrospective application. Another constituent also pointed to the retrospective application being suspectible to hindsight bias.

The constituent which did not agree thought that prospective application should be permitted due to complexity of the tax risk assessment procedures.

EFRAG final position

EFRAG considered the feedback and maintained its initial view.

EFRAG considered that the comments on using hindsight in most cases provided background information and therefore did not reflect them in the comment letter.

EFRAG did not reflect the comment asking for permitting the prospective application since it was in contradiction to the support for limited retrospective application expressed by the others.

EFRAG's tentative views expressed in the draft comment letter and constituents' comments	**EFRAG's response to constituents' comments**
Other issues	
Constituents' comments One constituent noted that paragraphs BC17 and BC18 referred to the requirements of the existing Conceptual Framework. However there was no reference to the Exposure Draft *Conceptual Framework for Financial Reporting* nor discussion of possible implications of the new recognition criteria on the draft Interpretation. The constituent pointed that paragraph BC26 of the draft IFRIC Interpretation *Foreign Currency Transactions and Advance Considerations* included such analysis. One constituent thought that the IFRS Interpretations Committee should provide relevant guidance regarding how to apply the IAS 1 requirements for distinction between current and non-current liabilities in respect of uncertain income tax positions.	*EFRAG final position* EFRAG decided to address the misalignment in the reference to the Exposure Draft *Conceptual Framework for Financial Reporting* in its comment letter on the Draft IFRIC Interpretation DI/20015/2 *Foreign Currency Transactions and Advance Considerations.* EFRAG did not reflect the comment on the Interpretation providing a guidance on how to distinguish between current and non-current liabilities since this was beyond the scope of the Interpretation.

EFRAG's tentative views expressed in the draft comment letter and constituents' comments	**EFRAG's response to constituents' comments**

Request for inputs from constituents on potential inconsistencies in the treatment of uncertainties related to taxes and similar transactions

Issue identified

Assuming the Interpretation was issued as drafted, uncertainties related to income taxes would be within its scope. Uncertainties related to other taxes (for example VAT) or similar uncertain positions (such as advance payments for penalties in antitrust litigation) would not be covered by the Interpretation.

EFRAG considered that different treatments may mainly arise in the area of uncertain asset positions.

(a) For uncertain **income tax** treatments the 'probable' recognition threshold as required by the Interpretation would apply.

(b) For uncertain positions **not related to income taxes** the treatment may not be clear. At least two views have been identified:

(i) IAS 37 should be applied to those provisions and contingencies which are not covered by another Standard. Paragraph 33 of IAS 37 uses a 'virtually certain' threshold for recognition of contingent assets which is higher than the 'probable' recognition threshold in the Interpretation.

(ii) An uncertain position would not meet definition of a contingent asset in IAS 37. An uncertain position may be a net position of a payment and a potential obligation and the uncertainty relates only

EFRAG final position

Based on the limited input received EFRAG decided not to address the potential inconsistency in treatment of uncertain income tax and other tax or similar positions separately. Based on other comments received the issue was captured in the covering letter part suggesting that the IASB consider whether and how to address these differences for similar economic events.

EFRAG's tentative views expressed in the draft comment letter and constituents' comments	**EFRAG's response to constituents' comments**

to the obligation. Such a treatment would be consistent with the requirements in the Interpretation.

EFRAG sought input from constituents on whether they had concerns with the potential inconsistency, on how they accounted for these uncertainties and views on the outcome of the Interpretation.

Constituents' comments

Three constituents provided comments on the request for inputs.

One constituent confirmed that the issue of an unclear treatment existed in respect of amounts that were going to be appealed by the entity. This constituent also noted that their local GAAP requirements distinguished between two possibilities which the entity had when appealing against a decision of the tax authority, i.e. delivering a guarantee to secure the amount or paying and claiming the amount. Treatment of both cases led to the same impact on equity under the local GAAP.

One constituent recognised that there was a potential inconsistency but believed that it should not be dealt with via the Interpretation but rather through an IAS 37 amendment.

Another constituent observed diversity in practice in accounting for uncertainties over other taxes. Some entities apply IAS 37 with the 'virtually certain' recognition threshold, other entities consider the payment made to the tax authority as a prepayment and apply a 'probable' recognition threshold. If the draft Interpretation is finalised as proposed, many prepares will question whether they may apply the Interpretation by analogy.

APPENDIX 1: List of respondents

Table 1: List of respondents

***Name of constituent*[1]**	***Country***	***Type / Category***
Accounting Standards Committee of Germany	Germany	National Standard Setter
Danish Accounting Standards Committee	Denmark	National Standard Setter
Autorité des Normes Comptables	France	National Standard Setter
Instituto de Contabilidad y Auditoria de Cuentas	Spain	National Standard Setter
The Dutch Accounting Standards Board	The Netherlands	National Standard Setter
European Securities and Markets Authority	Europe	European Regulator
Swedish Enterprise Accounting Group	Sweden	Preparers
Association for Financial Markets in Europe	Europe	Business Association
Business Europe	Europe	Business Association
Norwegian Accounting Standards Board	Norway	National Standard Setter
Swedish Financial Reporting Board	Sweden	National Standard Setter
Organismo Italiano di Contabilità	Italy	National Standard Setter

[1] Respondents whose comment letters were considered by the EFRAG Board before finalisation of the comment letter.

APPENDIX 2: Summary - respondents by country and by type

Table 2: Total respondents by country and by type

Respondent by country:		***Respondent by type:***	
Germany	1	National Standard Setters	8
Denmark	1	Regulators	1
France	1	Business Associations	2
Spain	1	Preparers	1
The Netherlands	1		
Sweden	2		
Norway	1		
Italy	1		
European organisations	3		
	12		**12**