



2 June 2023

To: **Members of the Hong Kong Institute of CPAs**
All other interested parties

INVITATION TO COMMENT ON IASB EXPOSURE DRAFT
International Tax Reform—Pillar Two Model Rules—
Proposed Amendments to the IFRS for SMEs Accounting Standard
Comments to be received by 23 June 2023

The Financial Reporting Standards Committee (FRSC) of the Hong Kong Institute of Certified Public Accountants (Institute) is seeking comments on the International Accounting Standards Board (IASB) Exposure Draft *International Tax Reform—Pillar Two Model Rules—Proposed Amendments to the IFRS for SMEs Accounting Standard* (ED). The ED is available on the Institute's website:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Open-for-comment-documents/fred>

The IASB has proposed amendments to the *IFRS for SMEs Accounting Standard* to help small and medium sized entities respond to international tax reform.

The proposed amendments to the income tax section of the Standard would provide the same relief as the [amendments to IAS 12 Income Taxes issued by the IASB in May 2023](#), and come in response to the Organisation for Economic Co-operation and Development's [Pillar Two model rules](#).

The proposed amendments would:

- introduce a temporary exception to accounting for deferred taxes arising from the implementation of the Pillar Two model rules;
- introduce targeted disclosure requirements in periods when Pillar Two legislation is in effect; and
- clarify that 'other events' in the disclosure objective for income tax include enacted or substantively enacted Pillar Two legislation.

The FRSC invites your comments on the ED by **23 June 2023** to allow your comments to be considered in developing its response to the IASB. Comments should be supported by specific reasoning and should be submitted in written form.

Comments may be sent by mail, fax or e-mail to:

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Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen's Road East
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Comments will be acknowledged and will be made available for public review unless otherwise requested by the respondent.