



10 January 2023

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

**INVITATION TO COMMENT ON THE IASB EXPOSURE DRAFT**  
***International Tax Reform—Pillar Two Model Rules***  
**(Proposed amendments to IAS 12)**

***Comments to be received by 8 February 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 IAS 12). The Exposure Draft 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 IAS 12 *Income Taxes* that aim to provide temporary relief from accounting for deferred taxes arising from the imminent implementation of the [Pillar Two model rules](#) published by the Organisation for Economic Co-operation and Development (OECD).

The IASB is responding to stakeholders' concerns about the potential implications of these rules for the accounting for income tax in financial statements. In particular, stakeholders were concerned about the uncertainty over the accounting for deferred taxes arising from the rules. They said there was an urgent need for clarity in the light of the imminent implementation of these rules in some jurisdictions.

The proposed amendments would introduce:

- a temporary exception to the accounting for deferred taxes arising from the implementation of the rules; and
- targeted disclosure requirements for affected companies.

The FRSC invites your comments on the proposal as set out in the Exposure Draft by **8 February 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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Comments will be acknowledged and may be made available for public review unless otherwise requested by the respondent.