

**Report by the ASCG on the
77th meeting of its IFRS Technical Committee
5th and 6th September 2019 in Berlin**

At the beginning of the meeting, the IFRS Technical Committee discussed the proposed amendments to IAS 12 in the IASB **ED/2019/5 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction***. The IFRS Technical Committee supported the IASB proposal to restrict the application of the initial recognition exemption so that it would not apply to transactions that give rise to equal amounts of taxable and deductible temporary differences on initial recognition. However, the Committee critically noted that the proposed amendments are not principle-based but rule-based and therefore not preparer-friendly. Furthermore, it expressed concerns with the proposed limitation of the recognition of a deferred tax liability to the amount of the deferred tax asset from the same transaction on initial recognition. Based on the discussions held in the meeting, the draft comment letter of the IFRS Technical Committee to the IASB will be prepared and discussed at the next Committee meeting in October.

Following, the IFRS Technical Committee debated the **EFRAG Discussion paper *Accounting for Pension Plans with an Asset-Return Promise***. The Committee decided to support the Capped Asset Return approach. This decision applies to the pension plans discussed by EFRAG and against the background that no fundamental revision of IAS 19 is intended. In addition, the Committee proposed a further development of the Capped Asset Return Approach towards a Fixed Asset Return approach. Further, the Committee critically assessed the suitability of an alternative accounting method based on the IAS 19 model for all hybrid pension plans. It rejected further consideration and treatment of these plans on a case-by-case basis and emphasised that the development of any consistent solution would require a fundamental revision of IAS 19.

Subsequently, the IFRS Technical Committee initially discussed the proposed amendments to the IAS 1 and the IFRS Practice Statement 2 – **IAS ED/2019/6 *Disclosure of Accounting Policies***. It supported the objective of restricting insignificant disclosures and promoting company-specific disclosures. However, the Committee critically questioned whether the proposed changes would actually bring the desired changes in practice. In its opinion, the application of the materiality principle to the disclosure of accounting policies remains vague even with the proposed amendments.

Next, the Technical Committee discussed also the comments received on the draft of the **German Accounting Amendment Standard No. 9 (D-GAAS 9) *Amendments to GAS 17 (amended 2010) Reporting on the Remuneration of Members of Governing Bodies and Amendments to GAS 20 Group Management Report***. The committee decided on minor changes.

In addition, the IFRS Technical Committee continued its deliberations of the **IASB ED/2019/4 *Proposed Amendments to IFRS 17***. The Committee concluded on its views and on the main messages as well as the direction or arguments to be provided in a comment letter to the IASB.

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This comment letter has meanwhile been finalised by written procedure and has already been submitted to both the IASB and EFRAG.

Finally, the Technical Committee received an overview of the *Invitation to Comment* published by the US Financial Accounting Standards Board (FASB) concerning ***Identifiable Intangible Assets and Subsequent Accounting for Goodwill***. The DRSC will not comment the FASB-ITC. The discussion served to prepare the comments on the forthcoming IASB discussion paper on *Goodwill and Impairment*.