

**Report by the ASCG
on the 31st meeting of the Joint Technical Committees and
on the 12th meeting of the Financial Reporting Technical Committee
on the 12ⁿ meeting of the Sustainability Reporting Technical Committee**

12 and 13 December 2022

31st meeting of the Joint Technical Committee

At the beginning of the meeting, the Joint Technical Committee discussed the work programme and the work assignment for the **Intangible Assets Working Group**. The Working Group's mandate is to be extended to look more deeply into the interpretation of the CSRD regulations.

Against the background of various potential issues in connection with the forthcoming implementation of the OECD BEPS Pillar Two model rules for domestic implementation of 15% global minimum tax, the Joint Technical Committee decided to establish a **Working Group on Taxes**. The working group will be tasked with issues relating to the implementation of the OECD Pillar Two model rules as well as with issues relating to their impact on financial reporting. In addition, the working group will also deal with issues relating to corporate tax transparency.

In addition, the Joint Technical Committee discussed several aspects of the revision of **GAS 20 Group Management Report**, which will be necessary due to the upcoming implementation of the CSRD into national law and the adoption of delegated acts on the European Sustainability Reporting Standards (ESRS). In one of the next meetings, the GFA will deal in particular with those contents of GAS 20 that are related to financial and sustainability reporting.

12th meeting of the Financial Reporting (FR) Technical Committee

At the beginning, the FR Technical Committee was informed about the topics discussed by the **IFRS IC in its November 2022 meeting**. As regards the tentative agenda decision on IFRS 16, the fact pattern and reasoning by the IFRS IC was intensively deliberated by the Technical Committee. The Technical Committee consider the decision and the conclusions behind being comprehensible and appropriate. However, the Technical Committee pointed out – as had the IFRS IC – that in case of deviating fact patterns the conclusion might be different. Therefore, the tentative agenda decision is not generally valid. In respect of the IFRS IC's discussion about potential annual improvements, the Technical Committee had no comments.

The FR Technical Committee then discussed the **draft of German Amendment Accounting Standard No. 13 (D-GAAS 13) amending GAS 20 Group Management Report and GAS 21 Cash Flow Statements**. The Committee decided to extend the scope of the sector specific appendices for insurance undertakings (appendix 2 of GAS 20 and appendix 3 of GAS 21) to all pension funds in order to comply with the legal requirements of Section 341 of the HGB. Subject to these and some other editorial changes, the FR Technical Committee unanimously approved D-GAAS 13. D-GAAS 13 is to be published at the beginning of January 2023 with a comment period until the End of April 2023.

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Furthermore, the FR Technical Committee discussed the draft comment letter on the IASB project **Primary Financial Statements**. In this comment letter, the FR Technical Committee comments on selected tentative decisions that the IASB has made since analysing the feedback that the IASB had received on its Exposure Draft. Overall, the FR Technical Committee was in favour of recommending the IASB to publish a Partial Re-Exposure Draft for public consultation. In the FR Technical Committee's view, a Re-Exposure Draft might increase the acceptance of the final IFRS Standard and provide the IASB with a complete picture of the expected costs and benefits of the proposals.

The FR Technical Committee was informed about the **decisions of the IASB in its November meeting on the amendment of IAS 12 Income Taxes**. The Committee welcomed the IASB's decision to introduce a temporary exemption from accounting for deferred taxes arising from the implementation of the OECD BEPS Pillar Two model rules. However, it expressed concerns about the intended disclosure requirements that entities will have to follow before the Pillar Two rules are in effect. The Committee will continue its discussion after the publication of the Exposure Draft by the IASB, which is planned for January 2023.

Finally, the FR Technical Committee discussed and agreed with the ASCG staff's proposals for responding to the **EFRAG's survey to CFSS members on PiR IFRS 15**. It should be noted that these responses do not necessarily represent the opinion of the ASCG's Financial Reporting Technical Committee but are a summary of the feedback received by the ASCG from German preparers.

12th meeting of the Sustainability Reporting (SR) Technical Committee

At the beginning of the meeting, SR Technical Committee discussed the **ASCG's draft letter to EFRAG regarding the development of the sector specific ESRS**. The objective of the letter is to support EFRAG at an early stage in the development of the first set of sector specific standards. The Committee agreed with the high-level recommendations presented in the draft letter. In addition, the Committee decided to recommend that EFRAG not only follow the NACE code system, but also the management approach used to determine operating segments in financial reporting according to IFRS 8.

In addition, the SR Technical Committee was informed about the changes that had been made to the **ESRS drafts** by SR TEG and SR Board before they were submitted to the European Commission. Two issues were discussed in more detail: First, the Committee expressed concerns on the ESRS E1 provisions for determining Scope 1 and Scope 2 GHG emissions. Second, the Committee questioned the general requirement to disclose the information according to ESRS S1-1 to S1-9 for entities with more than 250 employees.

In October 2022, an **SME Pilot Group** was established as a cooperation between the German Council for Sustainable Development and the ASCG to support companies in Germany in implementing the new legal requirements for sustainability reporting in the context of the CSRD. The working group will develop a key issues paper addressing basic success factors for the development of the ESRS for SMEs and will be sent to EFRAG in December 2022.