COMMITTEE OF EUROPEAN SECURITIES REGULATORS

EFRAG

35 Square de Meeûs
B-1000 BRUSSELS

Date: 9 November 2010
Ref.: CESR/10-1370

RE: EFRAG's draft response on the IASB's Exposure Draft *Deferred Tax: Recovery of Underlying Assets – Proposed amendments to IAS 12*

The Committee of European Securities Regulators (CESR), through its Standing Committee on Corporate Reporting (CESR-Fin), has considered EFRAG's draft comment letter on the IASB's Exposure Draft (ED) *Deferred Tax: Recovery of Underlying Assets – Proposed amendments to IAS 12*.

We thank you for this opportunity to comment on your draft letter and we are pleased to provide you with the following comments.

CESR broadly concurs with the views expressed by EFRAG in its draft comment letter disagreeing with the IASB's proposed amendments.

CESR does not support the proposed exception to the measurement principles in IAS 12 – *Income Taxes* by introducing the presumption that the underlying asset or liability of a deferred tax asset or tax liability, will be recovered entirely by sale unless the entity has clear evidence that it will recover the carrying amount of the asset or liability in another manner. Like EFRAG, CESR believes that the issue raised by the ED (i.e. the fact that the entity should assess the manner in which it will recover its assets) should be addressed by extending application guidance on the measurement principle.

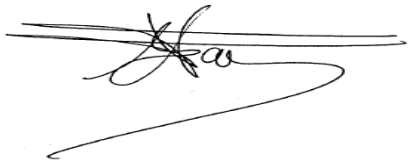
CESR is afraid that the amendment will not result in decision-useful information and might have unintended consequences. Furthermore, we are concerned about the enforceability of the amendment as it is currently drafted. We believe that the standard does not elaborate sufficiently on what constitutes clear evidence to rebut the presumption.

Like EFRAG, CESR does not support extending the scope to assets measured using the revaluation model in IAS 16 – *Property, Plant and Equipment* and IAS 38 – *Intangible Assets* in case these assets do not have an indefinite life. By definition the carrying amount of these assets will, at least partly, be realized by using the asset instead of selling it.

As a final point, we wonder why the IASB has decided to limit the consultation period to 60 days instead of the normal 120 days. Especially as we note that the IASB is consulting on many important projects during the same period.

I would be happy to discuss all or any of these issues further with you.

Yours sincerely,



Fernando Restoy

Chairman of CESR's Corporate Reporting Standing Committee