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09 January 2023

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The International Accounting Standards Board (IASB) has today proposed amendments to IAS 12 *Income Taxes*. The proposed amendments 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.

Andreas Barckow, Chair of the IASB, said:

The IASB is monitoring developments in this space and in response has proposed amendments that will provide timely relief for affected companies and will avoid inconsistent interpretations, and therefore inconsistent application, of IAS 12 while providing investors with useful information.

More than 135 countries and jurisdictions representing more than 90% of global GDP have agreed to the Pillar Two model rules. The rules:

- aim to address the tax challenges arising from the digitalisation of the economy; and
- provide a template for the implementation of a minimum corporate tax rate of 15% that large multinational companies would pay on income generated in each jurisdiction in which they operate.

The Exposure Draft *International Tax Reform—Pillar Two Model Rules* is [open for comment until 10 March 2023](#).

Due to the project's accelerated nature, the IASB aims to finalise any amendments in the second quarter of 2023, subject to comments on the Exposure Draft.

[Access the Exposure Draft *International Tax Reform—Pillar Two Model Rules* here.](#)

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