

22 May 2017

Sue Lloyd
Chair
IFRS Interpretations Committee
30 Cannon Street
London
United Kingdom
EC4M 6XH

Dear Ms Lloyd

Tentative agenda decision – IAS 12 *Income Taxes*: Interest and penalties related to income taxes

Deloitte Touche Tohmatsu Limited is pleased to respond to the IFRS Interpretations Committee's publication in the March IFRIC Update of the tentative agenda decision not to take onto the Committee's agenda the request for clarification on the accounting for interest and penalties related to income taxes.

We agree with the IFRS Interpretations Committee's decision not to add this item onto its agenda but are concerned that the statement in the tentative agenda decision that "if an entity determines that amounts payable or receivable for interest and penalties are income taxes" is unclear on how such a determination should be made and could be read as suggesting that this is a free choice in all cases.

As such, we recommend that the tentative agenda decision be expanded to state that the determination of whether interest and penalties are, in fact, in the scope of IAS 12 (for example, because they are in substance part of a larger uncertain tax position rather than resulting from delayed payment when there is no uncertainty regarding the amount of income tax payable) should be made based on the specific facts and circumstances in which they are incurred.

If you have any questions concerning our comments, please contact Veronica Poole in London at +44 (0) 20 7007 0884.

Yours sincerely



Veronica Poole
Global IFRS Leader