

**Report by the ASCG on the  
66<sup>th</sup> meeting of its IFRS Technical Committee  
19<sup>th</sup> and 20<sup>th</sup> April 2018 in Berlin**

The first topic on the agenda was the ***Fitness Check on public reporting by companies*** carried by the European Union. The IFRS Technical Committee discussed the first two sections of the EU Consultation Paper. Overall, the Technical Committee considered the EU's reporting requirements to be predominantly effective and in line with their objectives. Thus, an alignment of local accounting standards, e.g. by tightening the Accounting Directive, was not considered imperative.

In addition, the IFRS Technical Committee deliberated the issues and decisions of the **IFRS Interpretations Committee (IFRS IC)** reached at its March 2018 meeting. The Technical Committee agreed with the agenda decisions. One tentative agenda decision was identified as not being appropriate and will be commented on. The Technical Committee also deliberated the other issues and agreed with the IFRS IC's intention to work on clarifying the IAS 12 issue.

The IFRS Technical Committee also continued discussing the **EFRAG Discussion paper *Equity Instruments – Impairment and Recycling***. It also considered feedback resulting from an earlier survey on this issue among German companies. The Technical Committee feels its view being confirmed. Therefore, the Committee will submit a comment letter that primarily expresses its rejection of any European solution, while supporting the discussion of the issue itself. However, the IASB should be the center of any such debate.

Further, the IFRS Technical Committee was informed about the EFRAG's current work towards an endorsement advice on **IFRS 17 Insurance Contracts**. The Technical Committee also received an overview on all discussions on implementation issues currently being debated in several organisations and groups with the ASCG being involved.

Also, the IFRS Technical Committee was informed about EFRAG's **Draft Endorsement Advice on Amendments to IAS 19**. Although the IFRS-FA maintains its substantive reservations about the change, the Committee agrees with EFRAG's assessment of the endorsement criteria. The Committee will finalise its comment letter by written procedure.

In addition, the Technical Committee initially discussed the **ED/2018/1 Accounting Policy Changes** published by the IASB. The majority of the IFRS Technical Committee expressed fundamental concerns regarding the IASB proposals. A comment letter to the IASB on the ED proposals will be finalised at the next meeting.

The final agenda topic was devoted to continuing the discussion around the **accounting for interest and penalties related to income taxes** in accordance with IFRS. After detailed discussion and consideration of the arguments for and against, the IFRS Technical Committee no longer considered a mere reference to assessment criteria on the basis of which an entity should make a decision for the application of IAS 12 or IAS 37 to be sufficient. With the majority of its members, it judged the application of IAS 37 appropriate

**Contact:**

Zimmerstr. 30 D-10969 Berlin  
(via Markgrafenstr.19a)  
Phone: +49 (0)30 206412-0  
Fax: +49 (0)30 206412-15  
E-Mail: info@drsc.de

**Bank Details:**

Deutsche Bank Berlin  
IBAN-Nr.  
DE26 1007 0000 0070 0781 00  
BIC (Swift-Code)  
DEUTDE33XXX

**Register of Associations:**

District Court Berlin-Charlottenburg, VR 18526 Nz  
**President:**  
Prof Dr Andreas Barckow  
**Executive Director:**  
Prof Dr Sven Morich



against the German Tax Code and will propose its use in the draft pronouncement and point out the resulting consequences for recognition, measurement and disclosure of interest and penalties related to income taxes. In addition, the Committee decided to explicitly clarify that an application by a company that has so far deviated from the proposed treatment does not constitute an error but rather leads to a different assessment in the light of the decision of the IFRS IC (change of accounting principles in accordance with IAS 8). A first draft of the pronouncement will be discussed at the Committee's next meeting. The aim is to publish a draft to the public for comment before the summer break.