

**Report by the ASCG
on the 42nd meeting of its German GAAP Technical Committee
on 12th April 2019 in Berlin**

At the beginning of the meeting, the German GAAP Technical Committee discussed further topics pertaining possible changes or additions to **GAS 18 Deferred Taxes** and concluded its discussion of the topics. One focus of the discussion was the current provisions of GAS 18 on disclosures in the notes to the consolidated financial statements, in particular the quantitative disclosure of deductible temporary differences for which no deferred tax assets have been recognised, of unused tax loss carryforwards and of unused tax credits in paragraph 66 and the effective tax rate reconciliation in paragraph 67. The Technical Committee considered and approved the arguments put forward in practice against the mandatory nature of these provisions. Since, from the point of view of the Technical Committee, these disclosures do not meet the information needs of the users of the consolidated financial statements prepared according to the German Commercial Code, a majority of the Technical Committee members voted in favor of deleting paragraphs 66 and 67. The discussion of the draft standard will take place at the 44th meeting of the German GAAP Technical Committee.

Further, the Technical Committee deliberated the **IDW Draft ERS BFA 7**. The Technical Committee agreed with findings from prior discussions in two of the ASCG working groups. As the views and findings are mixed, the Technical Committee suggests exchanging these views with the IDW orally.

The revision of the current **GAS 3 Segment Reporting** was once again put on the agenda. The Technical Committee discussed a stringent implementation of the management approach, in particular in the present section on segment accounting and valuation methods. In addition, the outstanding topics of GAS 3 and IFRS 8 were discussed fundamentally. Against the background of the stringent orientation towards the management approach pursued by the Technical Committee, appendix 2 for credit and financial services institutions and appendix 3 for insurance companies are no longer considered necessary.

Further, the Technical Committee was informed about the government draft of the **Act implementing the 2nd Shareholder Rights Directive** (ARUG II) and discussed the necessary amendments to *GAS 17 Reporting on the Remuneration of Members of Governing Bodies* and *GAS 20 Group Management Report*. A further revision of GAS 17 remains to be decided.

Finally, the German GAAP Technical Committee received an overview of the current status of the IASB research project on **Business Combinations under Common Control**. The Technical Committee decided to await further developments at international level, in particular the planned publication of the IASB discussion paper in the first half of 2020, and at the same time to observe the possible transposition of article 25 of the EU Accounting Directive into the German law.

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