

**Report by the ASCG
on the 13th meeting of the Financial Reporting Technical Committee
19 and 20 January 2023**

At the beginning of the meeting, the FR Technical Committee discussed a draft of its comment letter on **IASB ED/2022/1 Third edition of the IFRS for SMEs Accounting Standard**. The proposed clarification of the scope of application for entities without public accountability is viewed positively in relation to the IFRS for SMEs. However, the scope linkage with the standard arising from ED/2021/7 *Subsidiaries without Public Accountability: Disclosures* is seen as problematic; in that standard, the scope should instead be defined independently.

In addition, the FR Technical Committee initially considered, and deliberated, the **EFRAG Discussion Paper Accounting for variable considerations**. The Committee generally concluded, that the issue is very broad in scope, and the aspects that deserve consideration are complex. Therefore, the Committee recommends to not performing a general discussion. It is rather essential, whether and when the IASB itself addresses this issue. Consequently, the Committee would like to refrain from dealing with the discussion paper in more detail. Nevertheless, the ASCG is to submit a statement to EFRAG based on the discussion and findings to date.

Finally, the FR Technical Committee dealt with the contents of **IASB ED/2023/1 International Tax Reform – Pillar Two Model Rules** (proposed amendments to IAS 12). The Technical Committee generally welcomed the IASB's proposal to introduce a temporary exemption to the accounting for deferred taxes arising from the implementation of the Pillar Two model rules. However, it expressed concerns about the proposed targeted disclosures that companies will have to provide in periods before Pillar Two legislation is in effect. Firstly, the ED does not make sufficiently clear how the required data per jurisdiction are to be determined. Secondly, the cost-benefit ratio of these disclosures is questionable. An ASCG draft comment letter to the IASB will be discussed at the next meeting of the Technical Committee.

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