

**Organismo Italiano di Contabilità – OIC
(The Italian Standard Setter)**

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International Accounting Standards Board
7 Westferry Circus, Canary Wharf
London E14 4HD
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19 November 2019

Re: IASB Exposure Draft ED/2019/5 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Dear Mr Hoogervorst,

We are pleased to have the opportunity to provide our comments on the IASB Exposure Draft ED/2019/5 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*.

We welcome the IASB's efforts to address an issue that has caused diversity in practice and it is likely to become more widespread with the implementation of IFRS 16 *Leases*.

The proposal aims to address a specific issue (eg assets and liabilities arising from a lease transaction) introducing an exception to IAS 12 that is applicable to all transactions that give rise to equal amounts of taxable and deductible temporary differences.

On the amendment we have the following comments:

- Although the scope of the proposal is intended to deal with lease transactions it applies to a broader set of transactions; consequently, we suggest the IASB to evaluate the potential unintended consequences that could arise from this proposal.
- We note that the proposed amendments have highlighted different views on whether the initial recognition exception in IAS 12 is necessary. Therefore, we suggest the IASB to start a broad review of the initial recognition exception.

If the IASB decides to proceed with the proposals, we recommend the IASB to clarify the application of paragraph 22A(b) (ie the recognition cap) in subsequent periods and to provide illustrative examples.

Should you need any further information, please do not hesitate to contact us.

Yours sincerely,

Angelo Casò

(Chairman)