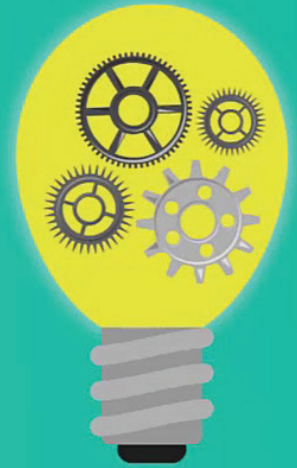




# IFRS Today

Our series on the most topical issues  
in IFRS® Standards and financial reporting

27 February 2020



**“Remember: clear, meaningful and transparent disclosures about judgements and estimates made are critical in providing efficient communication with your users and regulators.”**

## VIDEO TRANSCRIPT

### Focus on income taxes

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I'd like to talk today about something that is often overlooked in preparing financial statements – income taxes.

Income tax? Why should I bother? – you would ask me. This is an old standard. Surely we need to focus on leases this year.

Fair enough. But taxes are on the watchlist of users and regulators and there are three things about income tax that you need to focus on when preparing your 2019 reports.

First, the new requirements on uncertain tax treatments. Make sure you identify all of those, involve tax experts to help you determine if the tax authority is likely to accept the uncertain tax treatment, and provide transparent disclosures about judgements and estimates made.

And remember, an uncertain tax treatment is not a separate line on a balance sheet. It impacts your current and deferred tax.

Second, the new requirements on presentation of tax impacts on payments to holders of financial instruments that are classified as equity for accounting but liability for tax purposes. If you issue such instruments, you will need to determine if payments to holders meet the definition of a dividend. Again, clear disclosures about judgements and accounting policies are key.

And third, the recoverability of deferred tax assets. This is not new: it's been on the regulator's list since the financial crisis, but the gloomy economic outlook, trade wars and Brexit definitely put the ability of a company to generate sufficient taxable profits in the future into the spotlight. Meaningful disclosures about your estimates and judgements will be important.

I hope I've convinced you to look at your income taxes in preparing your 2019 financial statements. Remember: clear, meaningful and transparent disclosures about judgements and estimates made are critical in providing efficient communication with your users and regulators.

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