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From:	European Commission
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To:	General Secretariat of the Council

No. Cion doc.:	D091126/01
Subject:	COMMISSION REGULATION (EU) .../... of XXX amending Regulation (EU) ... [<i>due to the current repeal and replacement exercise of the consolidated IFRS Regulation (EC) No 1126/2008 (ISC/2023/01135) the new number will be added once the new IFRS Regulation is adopted by the Commission</i>]/2023 as regards International Accounting Standard 12

Delegations will find attached document D091126/01.

Encl.: D091126/01



Brussels, **XXX**
[...] (2023) **XXX** draft

D091126/01

COMMISSION REGULATION (EU) .../...

of **XXX**

amending Regulation (EU) ... [due to the current repeal and replacement exercise of the consolidated IFRS Regulation (EC) No 1126/2008 (ISC/2023/01135) the new number will be added once the new IFRS Regulation is adopted by the Commission]/2023 as regards International Accounting Standard 12

(Text with EEA relevance)

COMMISSION REGULATION (EU) .../...

of **XXX**

amending Regulation (EU) ... [due to the current repeal and replacement exercise of the consolidated IFRS Regulation (EC) No 1126/2008 (ISC/2023/01135) the new number will be added once the new IFRS Regulation is adopted by the Commission]/2023 as regards International Accounting Standard 12

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards¹, and in particular Article 3(1) thereof,

Whereas:

- (1) By Commission Regulation (EU) ... [due to the current repeal and replacement exercise of the consolidated IFRS Regulation (EC) No 1126/2008 (ISC/2023/01135) the new number will be added once the new IFRS Regulation is adopted by the Commission)]2023² certain international accounting standards and interpretations that were in existence on ... [Month] 2023 were adopted.
- (2) On 23 May 2023, the International Accounting Standards Board ('IASB') issued certain amendments to International Accounting Standard 12 *Income Taxes* ('IAS 12'). The amendments introduced a temporary exception from accounting for deferred taxes arising from the implementation of the OECD's Pillar Two model rules, as well as targeted disclosures for affected entities.
- (3) The temporary exception is to be applied immediately upon the issue of those amendments by the IASB and retrospectively in accordance with International Accounting Standard 8 *Accounting Policies, Changes in Accounting Estimates and Errors* ('IAS 8'). The disclosure requirements are to be applied to annual reporting periods beginning on or after 1 January 2023. A company is not required to apply the disclosure requirements in interim financial reports for interim periods ending on or before 31 December 2023.
- (4) Following a consultation of the European financial reporting advisory group EFRAG, the Commission concludes that the amendments to IAS 12 meet the conditions for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002.
- (5) Some third countries have already implemented the OECD's Pillar Two model rules this year. Unless a decision is taken on the applicability of the amendments to IAS 12, EU groups will have to recognise these second pillar increases as deferred taxes in

¹ OJ L 243, 11.9.2002, p. 1.

² ... [will be updated once the new IFRS Regulation is adopted by the Commission].

their interim consolidated financial statements. In order to prevent this, an urgent adoption of this decision is needed for groups established in the Union.

- (6) Regulation (EU) ... [*due to the current repeal and replacement exercise of the consolidated IFRS Regulation (EC) No 1126/2008 (ISC/2023/01135) the new number will be added once the new IFRS Regulation is adopted by the Commission*]/2023 should therefore be amended accordingly.
- (7) The measures provided for in this Regulation are in accordance with the opinion of the Accounting Regulatory Committee,

HAS ADOPTED THIS REGULATION:

Article 1

In the Annex to Regulation (EU) ... [*due to the current repeal and replacement exercise of the consolidated IFRS Regulation (EC) No 1126/2008 (ISC/2023/01135) the new number will be added once the new IFRS Regulation is adopted by the Commission*]/2023, International Accounting Standard 12 *Income Taxes* is amended as set out in the Annex to this Regulation.

Article 2

Each company shall apply

- (a) paragraphs 4A and 88A of the Annex to this Regulation immediately upon the issue of these amendments and retrospectively in accordance with IAS 8; and
- (b) paragraphs 88B-88D of the Annex to this Regulation for annual reporting periods beginning on or after 1 January 2023. A company is not required to disclose the information required by these paragraphs for any interim period ending on or before 31 December 2023.

Article 3

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Commission
The President
Ursula von der Leyen*