

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

Italy, 00187 Roma, Via Poli 29
Tel. 0039/06/6976681 fax 0039/06/69766830
e-mail: presidenza@fondazioneoic.it

EFRAG
35 Square de Meeûs
B-1000 Brussels
BELGIUM
commentletter@efrag.org

25th July 2012

Re: EFRAG draft comment letter on Draft Interpretation on Levies Charged by Public Authorities on Entities that Operate in a Specific Market

Dear Françoise,

We are pleased to have the opportunity to provide our comments in order to contribute to the finalization of the EFRAG comment letter on the Draft Interpretation on Levies Charged by Public Authorities on Entities that Operate in a Specific Market (the DI).

We agree with the consensus developed in the DI, however we have some concerns on its scope.

Detailed comments follow below.

Question 1

The Draft Interpretation addresses the accounting for levies that are recognised in accordance with the definition of a liability provided in IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Levies that are within the scope of the Draft Interpretation are described in paragraphs 3-5.

Do you agree with the scope proposed in the Draft Interpretation? If not, what do you propose and why?

First of all, we believe that the IFRS IC should address a more general interpretation on the recognition of a liability to pay levies, regardless of their specific characteristics, to avoid the risk that the IFRS IC would have to address separately in the future the accounting for other levies that give rise to similar accounting questions.

In particular, as EFRAG, we believe that the DI should address the accounting for levies due only if a minimum revenue threshold is achieved, as we think that diversity in practice may continue to

exist in these situations if no guidance is provided. This is also because the levies that rely on a minimum threshold other than revenue (e.g. assets, liabilities, cash flows, etc.) are within the scope of the DI. Also, levies that are merely based on the level of revenue (i.e. without a minimum threshold) are within the scope of the DI.

With regard to these kinds of levies, according to the consensus developed in the DI, we believe that the generation of revenue prior to reaching the threshold is necessary, but not sufficient, to create the obligation.

Moreover, we believe that it is important to clarify the definition of the term 'levy' in the DI.

With regard to the calculation of the levies to be within the scope of the DI, we believe that also the fixed-fee levies (i.e. which are not based on financial data) should be addressed in the DI.

Question 2

The consensus in the Draft Interpretation (paragraphs 7-12) provides guidance on the recognition of a liability to pay a levy.

Do you agree with the consensus proposed in the Draft Interpretation? If not, why and what alternative do you propose?

We agree with the consensus proposed in the DI.

Question 3

Entities would be required to apply the Draft Interpretation retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Do you agree with the proposed transition requirements? If not, what do you propose and why?

We agree with the proposed transition requirements.

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

Yours sincerely,

Angelo Casò
(Chairman)