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Ms. Françoise Flores
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Our ref MT/288

Contact Mary Tokar

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13 December 2011

Dear Ms Flores

Adoption of Deferred Tax: Recovery of Underlying Assets Amendments to IAS 12

We appreciate the opportunity to comment on the European Financial Reporting Advisory Group's (EFRAG) draft endorsement advice regarding the International Accounting Standards Board (IASB) *Deferred Tax: Recovery of Underlying Assets Amendments to IAS 12* (Amendment to IAS 12), which was published by the IASB on 20 December 2010. We have consulted within the KPMG network in respect of this letter, which represents the views of the KPMG network.

We have read and considered the amendments and EFRAG's draft endorsement advice on the Amendment to IAS 12 in which EFRAG considers the requirements of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council on the application of International Accounting Standards. Our consideration focused on EFRAG's conclusion regarding the assessment of the Amendment to IAS 12 against the endorsement criteria and in this response we are not addressing any points raised by EFRAG in Appendices 2 and 3 of its invitation to comment.

We provided comments to the IASB on ED 2010/11 *Deferred Tax: Recovery of Underlying Assets* (exposure draft) in our comment letter dated 9 November 2010. We have followed the IASB's redeliberations on the exposure draft and while not all of our suggestions were adopted by the IASB we do not believe that those comments, which were input to the IASB's deliberations, represent fatal flaws that would cause us to recommend non-endorsement.

We support consistent application of International Financial Reporting Standards globally and consistent with this objective we support EFRAG's recommendation to adopt for use in Europe the Amendment to IAS 12, as issued by the IASB.

Please contact Mary Tokar at +44 (20) 7694 8871 if you wish to discuss any of the issues raised in this letter.



Yours faithfully

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