November 5, 2010

Comment Letter
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Sir/Madam

Exposure Draft ED/2010/09 Deferred Tax: Recovery of Underlying Assets

The Special Task Force of the Financial Accounting Standards Committee (FASC) of Accounting Research and Development Foundation in Taiwan appreciates the opportunity to respond to the above exposure draft.

The attachments are our comments to this exposure draft. The comments are those of the Special Task Force and do not necessarily represent official opinions of the FASC.

If you have any question about our comments, please contact us via conrad@mail.ntpu.edu.tw.

Sincerely Yours,

Conrad C. Chang

Conrad C. Chang, Ph.D.
Chairman,
Financial Accounting Standards Committee,
Accounting Research and Development
Foundation, Taiwan

103 台北市大同區承德路一段 17 號 20 樓
20th Fl., No.17, Sec.1, Chengde Rd., Taipei 103, Taiwan
TEL:886 2 2549-0549 FAX:886 2 2549-0634
http://www.ardf.org.tw

Attachments - Exposure Draft ED/2010/09 Deferred Tax: Recovery of Underlying Assets

Question 3

The Board proposes that, when the exception applies, deferred tax liabilities and deferred tax assets should be measured by applying a rebuttable presumption that the carrying amount of the underlying asset will be recovered entirely through sale. This presumption would be rebutted only when an entity has clear evidence that it will consume the asset's economic benefits throughout its economic life.

Do you agree with the rebuttable presumption that the carrying amount of the underlying asset will be recovered entirely by sale when the exception applies? Why or why not? If not, what measurement basis do you propose and why?

Response to the above Question:

We disagree with the Board's decision to presume that the carrying amount of the underlying assets will be recovered entirely by sale. Since entities could have its real intention when acquiring an investment property or other property, plant and equipment, we are concerned that this requirement might affect entities' selection of accounting policy when deciding to use cost model or revaluation model. Furthermore, this restriction is not consistent with the concept of 'management approach', which is adopted by some IFRSs.

As for other questions, we do not have further opinions.

However, we are not sure if this exposure draft applies only to underlying assets which are re-measured or revalued at fair value. Does this exposure draft also apply to an entity that uses cost model to measure non-depreciable assets? If so, there might be a potential conflict with matching concept under the *Framework.*

We believe it will be more helpful and meaningful if this exposure draft can clarify the concern mentioned above.

103 台北市大同區承德路一段 17 號 20 樓
20th Fl., No.17, Sec.1, Chengde Rd., Taipei 103, Taiwan
TEL:886 2 2549-0549 FAX:886 2 2549-0634
http://www.ardf.org.tw