

**Mr Jean-Paul Gauzès**  
**President**  
**European Financial**  
**Reporting Advisory Group**  
**(EFRAG)**  
**35 Square de Meeûs**  
**1000 Brussels**  
**Belgium**

**Ref: EFRAG's Draft Comment Letter on IASB's Exposure Draft *Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

Dear Mr Gauzès,

CHER JEAN-PAUL,

The European Securities and Markets Authority (ESMA) thanks you for the opportunity to contribute to EFRAG's due process regarding the draft comment letter on the IASB's Exposure Draft (ED) *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* with the aim of improving consistent application and enforceability of IFRS.

Like EFRAG, ESMA welcomes the proposals in the ED as they would contribute to further reducing diversity in practice in the application of IAS 12 in relation to deferred tax related to assets and liabilities arising from single transactions which are likely to increase following the application of the new standard IFRS 16 *Leases*.

While a comprehensive review of IAS 12 would be beneficial to avoid that the Standard is amended in a piecemeal approach, we nevertheless support the IASB's decision to undertake targeted amendments aimed at improving the consistent application for transactions such as leases and decommissioning obligations.

However, in light of the complexity inherent in the ED's proposals, like EFRAG, we would recommend that, in finalising the amendments, the IASB considers accompanying them with an example that explains how the proposed approach shall apply with reference to lease transactions and to decommissioning obligations, highlighting any areas where critical judgements shall be exercised on the basis of the applicable tax laws.



In case you have any questions or comments please do not hesitate to contact me or Evert van Walsum, Head of the Investors and Issuers Department (Evert.vanWalsum@esma.europa.eu).

Yours sincerely,



Steven Maijoor