



2023/2468

9.11.2023

COMMISSION REGULATION (EU) 2023/2468

of 8 November 2023

amending Regulation (EU) 2023/1803 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 standards ⁽¹⁾, and in particular Article 3(1) thereof,

Whereas:

- (1) By Commission Regulation (EU) 2023/1803 ⁽²⁾ certain international accounting standards and interpretations that were in existence at 8 September 2022 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 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) 2023/1803 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) 2023/1803, International Accounting Standard 12 *Income Taxes* is amended as set out in the Annex to this Regulation.

⁽¹⁾ OJ L 243, 11.9.2002, p. 1.

⁽²⁾ Commission Regulation (EU) 2023/1803 of 13 September 2023 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council (OJ L 237, 26.9.2023, p. 1).

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, 8 November 2023.

For the Commission
The President
Ursula VON DER LEYEN

ANNEX

INTERNATIONAL TAX REFORM – PILLAR TWO MODEL RULES

Amendments to IAS 12

Amendments to IAS 12 *Income Taxes*

Paragraphs 4A, 88A–88D (including their related heading and the box after paragraph 88D) and 98M are added.

Scope

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- 4A This Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes described in those rules. Such tax law, and the income taxes arising from it, are hereafter referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’. As an exception to the requirements in this Standard, an entity shall neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

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Disclosure

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International tax reform – Pillar Two model rules

- 88A An entity shall disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes (see paragraph 4A).
- 88B An entity shall disclose separately its current tax expense (income) related to Pillar Two income taxes.
- 88C In periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, an entity shall disclose known or reasonably estimable information that helps users of financial statements understand the entity’s exposure to Pillar Two income taxes arising from that legislation.
- 88D To meet the disclosure objective in paragraph 88C, an entity shall disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. This information does not have to reflect all the specific requirements of the Pillar Two legislation and can be provided in the form of an indicative range. To the extent information is not known or reasonably estimable, an entity shall instead disclose a statement to that effect and disclose information about the entity’s progress in assessing its exposure.

Examples illustrating paragraphs 88C–88D

Examples of information an entity could disclose to meet the objective and requirements in paragraphs 88C–88D include:

- (a) qualitative information such as information about how an entity is affected by Pillar Two legislation and the main jurisdictions in which exposures to Pillar Two income taxes might exist; and

Examples illustrating paragraphs 88C–88D

- (b) quantitative information such as:
- (i) an indication of the proportion of an entity's profits that might be subject to Pillar Two income taxes and the average effective tax rate applicable to those profits; or
 - (ii) an indication of how the entity's average effective tax rate would have changed if Pillar Two legislation had been in effect.
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Effective date

...

98M *International Tax Reform – Pillar Two Model Rules*, issued in May 2023, added paragraphs 4A and 88A–88D. An entity shall:

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