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Berlin, 14 January 2020

Dear Sue,

IFRS IC's tentative agenda decisions in its November 2019 meeting

On behalf of the Accounting Standards Committee of Germany (ASCG), I am writing to comment on the tentative agenda decisions taken by the IFRS Interpretations Committee (IFRS IC) and published in the November 2019 *IFRIC Update*.

Whilst we agree with the technical conclusions of the **tentative agenda decision on IAS 38**, we deem the line of argument of gross vs. net presentation and the relation to IAS 2 or IFRS 15 to have much broader relevance beyond the specific issue discussed (especially as regards arrangements concerning the development and use of intellectual property). Although we agree with the Committee's application of the current standard to the specific fact pattern, we are concerned that the accounting treatment may not be the most decision-useful and, hence, most appropriate in other scenarios. Against the background of an increasing number and variety of arrangements over intangibles, and irrespective of the appropriate conclusion on the issue discussed, we believe that the agenda item request highlights again that IAS 38 deserves being revisited and possibly revised.

Further, we also agree with the conclusions of the **tentative agenda decision on IAS 12**. However, we suggest making clearer why the Committee believes that a "capital gains tax" undoubtedly falls in the scope of IAS 12 – as is presumed in the respective Agenda Paper. As this is an important element in the IFRS IC's tentative decision, we suggest clarifying this point explicitly in the final wording of the agenda decision.

If you would like to discuss our views further, please do not hesitate to contact Jan-Velten Große (grosse@drsc.de) or me.

Yours sincerely,

Andreas Barckow

President

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