

IFRS Interpretations Committee
Columbus Building
7 Westferry Circus
Canary Wharf
London
E14 4HD

3 February 2026

Dear Sir

Tentative IFRS Interpretations Committee Agenda Decision: Presentation of Taxes or Other Charges that are Not Income Taxes within the scope of IAS 12 *Income Taxes* (IFRS 18)

We are pleased to comment on the above noted Tentative Agenda Decision (TAD) of the IFRS Interpretations Committee (the Committee). Following consultation with the BDO network¹, this letter summarises views of member firms that provided comments on the TAD.

We agree with the Committee's decision not to add this item to its agenda.

We broadly agree with the technical analysis set out in the TAD. However, we note that the TAD is more restrictive than IFRS 18 *Presentation and Disclosure in Financial Statements* in determining the income and expenses that may be classified in the income tax category.

IFRS 18.67 states (***emphasis*** added):

*An entity shall classify in the income taxes category tax expense or tax income that is included in the statement of profit or loss ***applying IAS 12 Income Taxes***, and any related foreign exchange differences.*

Contrasting the requirement of IFRS 18.67, the TAD states (***emphasis*** added):

*The Committee therefore concluded that, applying IFRS 18, an entity is not permitted to present taxes or other charges that ***are not income taxes within the scope of IAS 12:****

- 1. in the 'income tax expense or income' line item of the statement of profit or loss required by paragraph 75(a)(iv) of IFRS 18; or*
- 2. in the income taxes category of the statement of profit or loss.*

However, there may be some transactions that are accounted for *applying IAS 12* (as described in IFRS 18.67) by analogy, even though these are not income taxes explicitly within the scope of IAS 12. For example, certain investment tax credits may be accounted for applying IAS 12 by entities that develop an appropriate accounting policy based on the facts and circumstances in

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accordance with IAS 8 *Basis of Preparation of Financial Statements*, as IFRS Accounting Standards do not have specific requirements applicable to investment tax credits. In certain jurisdictions, this is longstanding practice. The TAD, as drafted, would prohibit classification of such income and expenses in the income taxes category, even though such classification would be required by IFRS 18.67 in our view because entities, in such instances, apply IAS 12 to account for such investment tax credits.

Therefore, we recommend that the TAD be suitably amended to align with the scope of income taxes category as required by IFRS 18.

We hope that you will find our comments and observations helpful. If you would like to discuss any of them, please contact me at +44 (0)7875 311782 or by email at abuchanan@bdoifra.com.

Yours faithfully

Andrew Buchanan

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