Deloitte.

Deloitte Australia
Assurance & Advisory
23 December 2015

Accounting Roundup

Introducing the Tax Laws Amendment Bill 2015 and ASIC focus areas for 31 December 2015 financials

December 2015 edition

Welcome to Deloitte's Accounting Roundup. This publication is intended to give readers a high-level briefing on some of the key changes that have happened that will impact accountants and financial reporting. For a complete collection of recent accounting news, please refer to our news feed at **IASPlus**.

Introducing the Tax Laws Amendment (Combating Multinational Tax Avoidance) Bill 2015

Amendments to the *Income Tax Assessment Act 1997* for the purpose of increased transparency in tax reporting of multi-national entities has been passed by both Houses of Parliament. The amendments were introduced to the House of Representatives in September 2015, and since then have been subject to a high degree of public scrutiny and political pressure.

As an overview, a Global Parent Entity (being an entity that earns an annual global income of at least AUD 1 billion) or a member of that entity's group will be required to lodge general purpose financial statements to the ATO, who will forward these on subsequently to ASIC. These financial statements can be the consolidated financial statements of the group. It is our view that the preparation of general purpose financial statements will follow the Australian accounting standards and, therefore, where Tier 2 Reduced Disclosure Requirements financial statements are applicable, these can be applied. These requirements will apply to tax income years commencing on or after 1 July 2016.

It is unusual to have tax legislation impacting on financial reporting and there are a number of complexities that have arisen as a result of this legislation that will require further consideration. If questions arise in your assessment of implementation of the changes, we encourage you to consult with your Deloitte contact.

You can find our Accounting Alert on the amendments on our website **here**. We expect to update this Accounting Alert as and when implementation issues arise.

ASIC focus areas for 31 December 2015 financial reports

ASIC has announced its focus areas for 31 December 2015 financial reports for listed entities and other entities of public interest. The focus areas remain largely unchanged from the 30 June 2015 reporting period with a continued heavy focus on impairment and the recoverability of assets. Another key focus area for ASIC is the application of appropriate accounting policies, for example, particularly revenue recognition. We also strongly encourage preparers to consider their disclosures made in respect of significant judgements made in the application of their accounting policies and sources of estimation uncertainty as required by AASB 101.

You can find our Accounting Alert on this topic available on our website **here**.

Developments relating to AASB (IFRS) 15 *Revenue from Contracts with Customers*

In November 2015, the AASB deferred the effective date of AASB 15 to annual reporting periods beginning before or after 1 January 2018. For entities with an annual reporting period of 30 June, this means that the first effective period will be the year ending 30 June 2018 with the first comparative being 30 June 2017. The deferral is consistent with the decision made by the IASB earlier in the year to defer the IFRS-equivalent standard and an equivalent decision by the United States accounting standard setter (the FASB). One of the key reasons for deferral is the interpretation and implementation complexities that are already being identified and experienced by those who have started their implementation assessments, hence extra time has been granted to preparers to work through these issues and implement required changes to internal systems and processes.

The IASB continue to discuss Exposure Draft 2015/6 *Clarifications to IFRS 15* and are nearing the end of this process. The IASB's exposure draft contains less content than the FASB's proposed equivalent clarifications, and we continue to strongly encourage the IASB to converge with the FASB.

You can find our comment letter to the IASB available on our website **here**.

Deferral of comment period for ED 270 Reporting Service Performance Information for not-for-profits

The AASB have deferred the comment period for ED 270 to 29 April 2016 in order to allow extra consultation with the not-for-profit sector. The exposure draft may impose significantly more qualitative and quantitative disclosures by not-for-profit entities in respect of their service performance objectives and requires service performance information to be reported annually with respect to service performance objectives, key outputs, key inputs used to produce those outputs, outcomes the entity is seeking to achieve and the efficiency and effectiveness in achieving these objectives. The full impact of these proposals will vary according to the extent of disclosure that the entity is currently providing, for example in its annual report. The proposed requirements may be challenging to some entities depending on the entity's scale, availability of resources and sophistication of systems.

You can access a copy of the exposure draft **here**. Comments can be submitted to the AASB on their website **here**.

IASB work plan for IFRS

The IASB have updated its work plan as at 23 November 2015, which can be found **here**. The new leasing standard continues to be targeted for publication in the first quarter of 2016. It is our view that the standard's definition of a 'lease' may cause complexity in implementation. The effective date of this standard is currently expected to be accounting periods beginning on or after 1 January 2019 although it can be early adopted subject to certain conditions (including the adoption of IFRS 15/AASB 15 Revenue from Customer Contracts).

The Board has also decided to propose amendments to IFRS 3 *Business Combinations* regarding the definition of a business combination. We welcome this discussion as this is a challenging area in practice with potentially significant impact for businesses due to the different accounting treatments for the acquisition or disposal for a business versus a group of assets.