

# **2020-21 STANDARDS ISSUED BUT NOT YET APPLIED – JULY 2021 UPDATE**

## **AADP 305a – ACT Accounting Disclosure Paper on Standards Issued But Not Yet Applied July 2021 Update**

### **3.2 STANDARDS THAT ARE NOT CONSIDERED APPLICABLE TO MOST AGENCIES**

It is considered that the following Standards do not apply to most ACT Government agencies.

#### **3.2.10 AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (appl. 1 January 2023)**

##### **Background**

This Standard amends AASB 112 to clarify the accounting for deferred tax on transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences. This may be the case for transactions such as leases and decommissioning, restoration and similar obligations. Entities are required to recognise deferred tax on such transactions.

The Standard amends AASB 1 to require deferred tax related to leases and decommissioning, restoration and similar obligations to be recognised by first-time adopters at the date of transition to Australian Accounting Standards, despite the exemption set out in AASB 112.

##### **Impact**

Directorates and territory authorities do not generally have any deferred tax on transactions and as such this standard will not apply to most agencies. Directorates and territory authorities that do have deferred tax on transactions will need to assess the impacts of this standard.