

SIC Interpretation 21

Income Taxes—Recovery of Revalued Non-Depreciable Assets

This version includes amendments resulting from IFRSs issued up to 31 December 2008.

SIC-21 *Income Taxes—Recovery of Revalued Non-Depreciable Assets* was developed by the Standing Interpretations Committee and issued in July 2000.

In April 2001 the International Accounting Standards Board resolved that all Standards and Interpretations issued under previous Constitutions continued to be applicable unless and until they were amended or withdrawn.

Since then, SIC-21 has been amended by the following IFRSs:

- IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (issued December 2003)
- IAS 16 *Property, Plant and Equipment* (as revised in December 2003).

IAS 1 *Presentation of Financial Statements* (as revised in September 2007)* amended the terminology used throughout IFRSs, including SIC-21.

* effective date 1 January 2009

SIC-21

SIC Interpretation 21 *Income Taxes—Recovery of Revalued Non-Depreciable Assets* (SIC-21) is set out in paragraph 5. SIC-21 is accompanied by a Basis for Conclusions. The scope and authority of Interpretations are set out in paragraphs 2 and 7–17 of the *Preface to International Financial Reporting Standards*.

Tailieu.vn

SIC Interpretation 21

Income Taxes—

Recovery of Revalued Non-Depreciable Assets

References

- IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- IAS 12 *Income Taxes*
- IAS 16 *Property, Plant and Equipment* (as revised in 2003)
- IAS 40 *Investment Property* (as revised in 2003)

Issue

- 1 Under IAS 12.51, the measurement of deferred tax liabilities and assets should reflect the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of those assets and liabilities that give rise to temporary differences.
- 2 IAS 12.20 notes that the revaluation of an asset does not always affect taxable profit (tax loss) in the period of the revaluation and that the tax base of the asset may not be adjusted as a result of the revaluation. If the future recovery of the carrying amount will be taxable, any difference between the carrying amount of the revalued asset and its tax base is a temporary difference and gives rise to a deferred tax liability or asset.
- 3 The issue is how to interpret the term 'recovery' in relation to an asset that is not depreciated (non-depreciable asset) and is revalued in accordance with paragraph 31 of IAS 16.
- 4 This Interpretation also applies to investment properties that are carried at revalued amounts under IAS 40.33 but would be considered non-depreciable if IAS 16 were to be applied.

Consensus

- 5 The deferred tax liability or asset that arises from the revaluation of a non-depreciable asset in accordance with IAS 16.31 shall be measured on the basis of the tax consequences that would follow from recovery of the carrying amount of that asset through sale, regardless of the basis of measuring the carrying amount of that asset. Accordingly, if the tax law specifies a tax rate applicable to the taxable amount derived from the sale of an asset that differs from the tax rate applicable to the taxable amount derived from using an asset, the former rate is applied in measuring the deferred tax liability or asset related to a non-depreciable asset.



Date of consensus

August 1999

Effective date

This consensus becomes effective on 15 July 2000. Changes in accounting policies shall be accounted for in accordance with IAS 8.