



SAS Quadra 05. Bloco J. CFC  
Brasília, Distrito Federal – Brazil  
[www.cpc.org.br](http://www.cpc.org.br)

August 29, 2012

International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

**RE: Draft IFRIC Interpretation DI/2012/1 Levies Charged by Public Authorities on Entities that Operate in a Specific Market**

Dear Board Members,

The “Comitê de Pronunciamentos Contábeis” - CPC<sup>1</sup> welcomes the opportunity to comment on the Draft Interpretation DI/2012/1 Levies Charged by Public Authorities on Entities that Operate in a Specific Market.

If you have any questions about our comments, please contact Mr. Idésio da Silva Coelho Júnior ([Idesio.S.Coelho@br.ey.com](mailto:Idesio.S.Coelho@br.ey.com)), coordinator of a working group constituted to study any proposal-stage literature issued by the IASB.

Yours sincerely,

**Edison Arisa Pereira**  
Technical Coordinator  
Comitê de Pronunciamentos Contábeis (CPC)

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<sup>1</sup> The Brazilian Accounting Pronouncements Committee (CPC) is a standard-setting body engaged in the study, development and issuance of accounting standards, interpretations and guidances for Brazilian companies. Our members are nominated by the following entities: ABRASCA (Brazilian Listed Companies Association), APIMEC (National Association of Capital Market Investment Professionals and Analysts), BMFBOVESPA (Brazilian Stock Exchange and Mercantile & Future Exchange), CFC (Federal Accounting Council), FIPECAFI (Financial and Accounting Research Institute Foundation) and IBRACON (Brazilian Institute of Independent Auditors).



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## **QUESTIONNAIRE ABOUT LEVIES CHARGED BY PUBLIC AUTHORITIES ON ENTITIES THAT OPERATE IN A SPECIFIC MARKET**

### ***Question 1 - Scope***

*Do you agree with the scope proposed in the draft Interpretation? If not, what do you propose and why?*

#### **Answer:**

We believe that the scope of the Draft Interpretation (DI) intends to cover various aspects potentially involving several jurisdictions, which may generate some level of confusion amongst the applicants, such as whether to include property taxes, carbon taxes and others.

We recommend that the DI clearly state the definition of levy. As mentioned in the preceding paragraph, a levy may include all taxes out of the scope of IAS 12. The Board should confirm if this understanding is correct.

We also recommend clarify if payments made by industries, such as oil, gas and mining, periodically to public authorities, to explore natural resources, are included in the scope of that draft interpretation.

We believe that scope proposed should address levies that are due only if a minimum revenue threshold is achieved. BC 7 summarizes that Interpretation does not address the accounting for levies that are due only if a minimum revenue threshold is achieved in the current period because the Interpretation Committee did not reach consensus when the obligation should be recognized if only after the threshold is passed or entity makes progress towards the revenue threshold.

We also believe that payment made by an entity to operate in a specific market can be defined as an asset (i.e: right to operate for a period of time) instead of an expense as provided by that draft interpretation. We believe that definition of “non-exchange transactions” should be clarified and what kind of payments to public authorities are in the scope of that draft interpretation.

We also believe that definition of “Specific Market” should be improved including more practical examples based on comments received by Interpretation Committee.



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**Question 2—Consensus**

*Do you agree with the consensus proposed in the draft Interpretation? If not, why and what alternative do you propose?*

**Answer:**

Overall, we agree with the IFRIC's consensus.

**Question 3—Transition**

*Do you agree with the proposed transition requirements? If not, what do you propose and why?*

**Answer:**

We agree with the proposed transition requirements.