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September 5, 2012

International Accounting Standards Board's IFRS Interpretations Committee
30 Cannon Street
London EC4M 6XH
UNIITED KINGDOM

Via "Open to Comment" page, www.iasb.org

Re: Draft Interpretation DI/2012/1 "Levies Charged to Public Authorities on Entities that Operate in a Specific Market"

The Committee on Corporate Reporting of Financial Executives International Canada (FEI Canada) is responding to the International Accounting Standards Board's IFRS Interpretations Committee's Draft Interpretation "Levies Charged to Public Authorities on Entities that Operate in a Specific Market", dated May 2012. We appreciate the opportunity to provide comments

FEI Canada is the all-industry professional membership association for senior financial executives. With eleven chapters across Canada and 1,800 members, FEI Canada provides professional development, thought leadership and advocacy services to its members. The association membership, which consists of Chief Financial Officers, Audit Committee Directors and senior executives in the Finance, Controller, Treasury and Taxation functions, represents a significant number of Canada's leading and most influential corporations.

The Committee on Corporate Reporting ("CCR") is one of two national advocacy committees of FEI Canada, CCR is devoted to improving the awareness and educational implications of the issues it addresses, and is focused on continually improving the standards and regulations impacting corporate reporting.

CCR supports the IASB's proposed accounting for levies that are recognized in accordance with the definition of a liability provided in IAS 37 *Provision, Contingent liabilities and Contingent Assets*. CCR believes paragraph 5(c) should be expanded so that the scope includes non-exchange *service* transactions in order to provide further clarification for entities when determining scope limitations.

In response to the Draft Interpretation questions specifically:

Question 1 - Scope

The draft Interpretation address the accounting for levies that are recognized in accordance with the definition of a liability provided in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Levies that are within the scope of the draft Interpretation are described in paragraphs 3-5.

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

We agree proposed accounting for levies that are recognized in accordance with the definition of a liability provided in IAS 37 *Provision, Contingent liabilities and Contingent Assets*. Levies that are within the scope of the draft Interpretation are described in paragraphs 3-5. CCR believes paragraph 5(c) should be expanded to also apply to non-exchange *service* transitions to ensure greater clarity for entities when determining the Interpretation scope limitations. Consistent interpretation and application of the guidance should lead to enhanced consistency and comparability between different entities.

Question 2 - Consensus

The consensus in the draft Interpretation (paragraphs 7-12) provides guidance on the recognition of a liability to pay a levy.

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

We agree with the consensus proposed in the draft Interpretation providing guidance on the recognition of a liability to pay a levy. The consensus proposed clarifies that the obligating event for recognition of the liability is the activity that triggers the payment of the levy as indentified by relevant legislation. In particular the Interpretation clarifies what accounting treatment entities should apply to levies, whose calculation is based on financial data which is related to a period preceding the period in which the activity that triggers the payment occurs. The Interpretation should therefore help to decrease diversity in how entities account for the obligation to pay such levies.

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Question 3 – Transition

Entities would be required to apply the draft Interpretation retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

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

We agree with the proposed transition requirements that would require entities to apply the draft Interpretation in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The general requirements under IAS 8 to apply changes in accounting policies retrospectively at the date of transition should not lead to undue difficulties in recreating reliable information, i.e. there should be no unobservable inputs variables for calculation purposes. As a result, the risk of misrepresenting the value of liability and corresponding expense on the date of transition should be low.

Thank you for allowing us the opportunity to respond to this proposal. We appreciate your consideration of the comments made in this letter and welcome the opportunity to further discuss any and all matters related to the ED.

Yours very truly,

Gordon Heard
Chair
Committee on Corporate Reporting
FEI Canada