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25 October 2010

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Hong Kong Institute of Certified Public Accountants  
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(Fax: 2865 6776)

Dear Mr Ong,

**Invitation to comment on IASB Exposure Draft of Deferred Tax:  
Recovery of Underlying Assets (Proposed Amendments to IAS 12)**

Thank you for your letter of 16 September 2010 inviting the Audit Commission to comment on the captioned subject.

We support the proposed amendments to IAS 12 to measure deferred taxes on the assumption that the carrying amount of an underlying asset will be recovered entirely through sale, unless there is clear evidence which indicates otherwise. We consider that this is a practical approach that avoids subjective estimates of an entity's expected manner of recovery of an asset. The scope criteria for determining the underlying assets to be covered by the proposal are appropriate and should provide sufficient comparable information for financial statement users.

Yours sincerely,

(Andrew Chang)  
for Director of Audit