



稅務局  
香港灣仔告士打道 5 號  
稅務大樓

**INLAND REVENUE DEPARTMENT**

REVENUE TOWER,  
5 GLOUCESTER ROAD, WAN CHAI,  
HONG KONG.

網址 Web site: [www.ird.gov.hk](http://www.ird.gov.hk)

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IN ANY COMMUNICATION PLEASE QUOTE OUR FILE NO.

HQ 502/141 Pt.13

檔案號碼：

File No.:

Mr. Steve Ong  
Director, Standard Setting  
Hong Kong Institute of  
Certified Public Accountants  
37/F, Wu Chung House  
213 Queen's Road East  
Wanchai, Hong Kong

電話： 2594 5037  
Tel. No.:

傳真號碼： 2511 7414  
Fax No.:

電郵：

E-mail:

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Dear Mr. Ong,

**Re: Invitation to Comment on IASB Exposure Drafts**

I refer to your letters dated 16 September 2010 and 3 November 2010.  
Please find below the comments to the exposure drafts.

**(I) IASB Exposure Draft of Insurance Contracts (ED/2010/8)**

The Exposure Draft aims to improve financial reporting of insurance contracts, to eliminate inconsistencies and weaknesses in existing practices and to enhance comparability across entities, jurisdictions and capital markets.

In so far as tax administration is concerned, I have no comment on the questions raised in the Exposure Draft. In general, the Department welcomes the proposed extensive disclosure of information, which enables users of financial statements to better understand the effects the insurance contracts have on the financial position and performance of the entities and their cash flow position.

**(II) IASB Exposure Draft of Severe Hyperinflation (*Proposed Amendments to IFRS 1*) (ED/2010/12)**

The Exposure Draft proposes an exemption to IFRS 1. The exemption would allow an entity that has been subject to severe hyperinflation to measure assets and liabilities at fair value and use that fair value as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position.

The Exposure Draft provides guidance to entities which have been subject to severe hyperinflation on their resumption to presenting financial statements in accordance with IFRSs. As application of accounting standards for severe hyperinflation is rare in Hong Kong, I have no comment to make on the proposals of the Exposure Draft.

Yours sincerely,



(Mrs WU LAM Choi-wah)  
for Commissioner of Inland Revenue