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ALL CORRESPONDENCE SHOULD BE ADDRESSED TO:—
COMMISSIONER OF INLAND REVENUE,
G.P.O. BOX 132, HONG KONG.

來函編號：
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IN ANY COMMUNICATION PLEASE QUOTE OUR FILE NO.

檔案號碼：HQ 502/141 Pt.18

File No.:

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Dear Mr. Riley,

**Invitation to Comment on IASB Exposure Draft
Equity Method: Share of Other Net Asset Changes
Proposed Amendments to IAS 28**

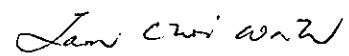
I refer to your letter dated 28 November 2013 inviting for comments to the above IASB Exposure Draft.

The Exposure Draft aims to provide additional guidance in IAS 28 on the application of the equity method. Specifically it proposes to recognise in the investor's equity its share of the changes in the net assets of the investee that are not recognised in profit or loss or other comprehensive income of the investee, and that are not distributions received from the investee, and to reclassify to profit or loss, the cumulative amount of equity that the investor had previously recognised when the investor discontinues the use of the equity method.

In so far as tax administration is concerned, I am largely neutral and have no comments to make to the questions raised in the Exposure Draft. In general, I appreciate the IASB's aim to provide clearer guidance. However, bearing in mind the inconsistency in concept of the proposed amendments to other IFRSs as pointed out by member of the Board Mr Ochi, it is hoped that after considering views and inputs to the Exposure Draft from interested parties, the IASB would be

able to identify best practice as well as refine the proposed amendments to reduce inconsistencies.

Yours sincerely,



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