



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

來函請寄「香港郵政總局郵箱132號稅務局局長收」

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

來函編號：
Your Ref.: C/FRSC

來函請敘明本局檔案號碼

IN ANY COMMUNICATION PLEASE QUOTE OUR FILE NO.

檔案號碼：HQ 502/141 Pt.22

File No.:

Mr. Simon Riley
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：2511 7414

Fax No.:

電郵：

E-mail:

發出日期：25 September 2013

Date of Issue:

Dear Mr. Riley,

Re: IASB Exposure Draft on Insurance Contracts

Thank you for your letter dated 8 July 2013 inviting our comments on the above IASB Exposure Draft (the “ED”).

The ED aims to provide a single principle-based standard for accounting for all types of insurance contracts and to make it easier for users of financial statements to understand how insurance contracts affect an entity's financial position, financial performance and cash flows.

The ED addresses various aspects of financial reporting on insurance contracts including recognition, measurement, presentation and disclosure requirements. The main feature of the measurement proposed in the ED is a ‘building block approach’ which takes into account the expected future cash flows arising from the insurance contract, a discount rate to arrive at the current value, a risk adjustment to reflect the uncertainty in the cash flows, and a contractual service margin to show the unearned profits from the contract. Revenue from the insurance contract is to be recognised on a systematic basis consistent with the pattern of transfer of services provided.

In the ED, the Board has made proposals and is seeking input on specific issues like adjusting contractual service margin for changes in estimates of future cash flows, accounting treatments for contracts that specify a link to the returns on underlying items that the entity is required to hold, presentation of insurance contract revenue and expenses, and presentation of interest expense between profit or loss and the other comprehensive income.

I must point out that the taxation of insurance corporations is governed by specific provisions of the Inland Revenue Ordinance. In so far as tax administration is concerned, I have no comment to make on the specific questions raised in the Exposure Draft. In general, I support the adoption a single consistent reporting framework for insurance contracts which will enhance comparability of financial reporting between entities. I also welcome the proposed disclosure of comprehensive information to enable users to understand the nature, amount, timing and uncertainty of future cash flows from insurance contracts.

I understand that the Board will undertake further outreach activities to seek views for finalising the standard and will allow about three years for the finalised standard to come to effect. In all events, I would appreciate it very much if you could keep me informed of the development in the standard on insurance contracts.

Yours sincerely,



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