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INLAND REVENUE DEPARTMENT

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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：

File No.: HQ502/141 Pt. 30

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Hong Kong Institute of Certified Public Accountants
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23 September 2020

Dear Mr Joy,

Exposure Draft
Proposed amendments to Accounting Guideline 5 ("AG5")
Merger Accounting for Common Control Combinations

Thank you for your letter dated 31 July 2020 inviting our comments on the exposure draft ("the Exposure Draft"), namely proposed amendments to Accounting Guideline 5 *Merger Accounting for Common Control Combinations*.

The Financial Reporting Standards Committee ("FRSC") conducted a comprehensive post-implementation review of AG 5. After taking into account the feedback received and pending the finalisation of the Business Combination Under Common Control project of the International Accounting Standards Board, the FRSC proposes the following amendments to AG 5 to assist your members in applying AG 5 during the interim period: updating the terminologies and references in AG 5 to align with existing HKFRS Standards; providing clearer rationale in paragraph 5 of AG 5; adding disclosure requirement to paragraph 19 of AG 5; and clarifying the accounting for change in non-controlling interests in the existing example in AG 5.

We generally support the FRSC's proposed amendments which could assist your members in applying AG 5 during the interim period. Insofar as tax administration is concerned, we have no comments on the Exposure Draft.

We are grateful for the opportunity to provide our comments on the Exposure Draft.

Yours sincerely,


(Ms CHAN Ut-chan)

for Commissioner of Inland Revenue