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ALL CORRESPONDENCE SHOULD BE ADDRESSED TO:—

COMMISSIONER OF INLAND REVENUE,
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來函編號：

Your Ref.: C/FRSC

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IN ANY COMMUNICATION PLEASE QUOTE OUR FILE NO.

檔案號碼： DADGR 1-80/47
File No.:

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Dear Ms Kwei,

**Exposure Draft (ED/2021/4)
Lack of Exchangeability**

Thank you for your letter dated 22 April 2021 inviting our comments on the exposure draft (“the Exposure Draft”) issued by the International Accounting Standards Board in respect of the proposed amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*.

The objective of the amendments is to provide guidance for entities to (a) determine whether a currency is exchangeable into another currency; (b) determine the exchange rate to be applied when exchangeability is lacking; and (c) disclose additional information in the financial statements when a currency is not exchangeable.

We welcome the issue of the Exposure Draft as it would require entities to apply a consistent approach to record foreign currency transactions or a foreign operation’s results and financial position in the financial statements when exchangeability is lacking. Thus it would improve the usefulness of the information provided to users of financial statements. Insofar as tax administration is concerned, we have no comment on the proposed amendments and the questions posed in the Exposure Draft.

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

Yours sincerely,

(Miss LAU Kin Rosina)
for Commissioner of Inland Revenue