

IAS 12 *Income Taxes* (November 2010)

Rebuttable presumption to determine the manner of recovery

Paragraph 51C of IAS 12 contains a rebuttable presumption, for the purposes of recognising deferred tax, that the carrying amount of an investment property measured at fair value will be recovered through sale. The Committee received a request to clarify whether that presumption can be rebutted in cases other than the case described in paragraph 51C.

The Interpretations Committee noted that a presumption is a matter of consistently applying a principle (or an exception) in IFRSs in the absence of acceptable reasons to the contrary and that it is rebutted when there is sufficient evidence to overcome the presumption. Because paragraph 51C is expressed as a rebuttable presumption and because the sentence explaining the rebuttal of the presumption does not express the rebuttal as ‘if and only if’, the Committee thinks that the presumption in paragraph 51C of IAS 12 is rebutted in other circumstances as well, provided that sufficient evidence is available to support that rebuttal. Based on the rationale described above, the Committee decided not to add this issue to its agenda.