

Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*

The following amendments are a consequence of the amendments to the deferred tax related to assets and liabilities arising from a single transaction in MFRS 112. These amendments are applied at the same time an entity applies the amendments to the deferred tax related to assets and liabilities arising from a single transaction in MFRS 112.

Paragraph 39AH is added.

Effective date

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39AH *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Deferred Tax related to Assets and Liabilities arising from a Single Transaction issued by IASB in May 2021) amended paragraph B1 and added paragraph B14. An entity shall apply these amendments for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted. If an entity applies the amendments for an earlier period, it shall disclose that fact.*

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In Appendix B, paragraph B1 is amended and paragraph B14 and its heading are added. Deleted text is struck through and new text is underlined.

Appendix B Exceptions to the retrospective application of other MFRSs

This appendix is an integral part of the MFRS.

B1 An entity shall apply the following exceptions:

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(g) government loans (paragraphs B10–B12); ~~and~~

- (h) insurance contracts (paragraph B13); and
- (i) deferred tax related to leases and decommissioning, restoration and similar liabilities (paragraph B14).

...

Deferred tax related to leases and decommissioning, restoration and similar liabilities

B14 Paragraphs 15 and 24 of MFRS 112 *Income Taxes* exempt an entity from recognising a deferred tax asset or liability in particular circumstances. Despite this exemption, at the date of transition to MFRSs, a first-time adopter shall recognise a deferred tax asset - to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised - and a deferred tax liability for all deductible and taxable temporary differences associated with:

- (a) right-of-use assets and lease liabilities; and
- (b) decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.