Disclaimer

The MASB's primary role is to develop accounting and financial reporting standards. It is the MASB's operating procedure that generally precludes the MASB or its staff from giving advice to any individuals or corporations or individual cases nor to act as an arbitrator regarding any issue. Resolution of matters concerning the application of the accounting standards should be addressed and discussed with the respective independent accountants, or auditors.

Likewise, the MASB's resources do not allow for it to respond to students' individual requests for help in completing their assignments.

Below are some of the questions that the staff frequently receive from preparers, auditors and users with regard to the implementation of the MFRS Framework. The answers to the following questions have been prepared by the MASB staff and are not necessarily the Board's views.

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

(A) Deferred tax

Under MFRS 1, an entity may elect to measure property, plant and equipment at the date of transition to MFRSs at its fair value and use that fair value as its deemed cost at that date. Similar elections are also available for investment property measured at cost and intangible assets if an active market exists.

Is the difference between the deemed cost of the asset and its tax base at the date of transition a temporary difference which gives rise to a deferred tax liability or asset or does the initial recognition exception of MFRS 112 *Income Taxes* apply?

The temporary differences did not arise from the initial recognition of the asset but was a consequence of applying the deemed cost exemption contained in MFRS 1. Therefore the initial recognition exception of MFRS 112 does not apply.