



New Zealand Equivalent to IFRIC Interpretation 23

Uncertainty over Income Tax Treatments (NZ IFRIC 23)

Issued August 2017 and incorporates amendments to 31 January 2026

This Interpretation was issued on 10 August 2017 by the New Zealand Accounting Standards Board of the External Reporting Board pursuant to section 12(a) of the Financial Reporting Act 1993.

This Interpretation is a Regulation for the purposes of the Regulations (Disallowance) Act 1989.

This Interpretation is a disallowable instrument for the purposes of the Legislation Act 2012, and pursuant to section 27(1) of the Financial Reporting Act 2013 takes effect on 7 September 2017.

Reporting entities that are subject to this Interpretation are required to apply it in accordance with the effective date in paragraph B1 of Appendix B.

In finalising this Interpretation, the New Zealand Accounting Standards Board has carried out appropriate consultation in accordance with section 22(1) of the Financial Reporting Act 2013.

This Interpretation has been issued as a result of a new IFRIC[®] Interpretation issued by the International Accounting Standards Board (IASB).

COPYRIGHT

© External Reporting Board (XRB) 2017

This XRB standard contains International Financial Reporting Standards (IFRS) Foundation copyright material. Reproduction within New Zealand in unaltered form (retaining this notice) is permitted for personal and non-commercial use subject to the inclusion of an acknowledgement of the source.

Requests and enquiries concerning reproduction and rights for commercial purposes within New Zealand should be addressed to the Chief Executive, External Reporting Board at the following email address: enquiries@xrb.govt.nz and the IFRS Foundation at the following email address: permissions@ifrs.org.

All existing rights (including copyrights) in this material outside of New Zealand are reserved by the IFRS Foundation. Further information and requests for authorisation to reproduce for commercial purposes outside New Zealand should be addressed to the IFRS Foundation.

ISBN 978-0-947505-38-7

Copyright

IFRS Standards are issued by the
International Accounting Standards Board
Columbus Building, 7 Westferry Circus, Canary Wharf, London, E14 4HD, United Kingdom.
Tel: +44 (0)20 7246 6410
Email: info@ifrs.org Web: www.ifrs.org

Copyright © International Financial Reporting Standards Foundation All rights reserved.

Reproduced and distributed by the External Reporting Board with the permission of the IFRS Foundation.

This English language version of the IFRS Standards is the copyright of the IFRS Foundation.

1. The IFRS Foundation grants users of the English language version of IFRS Standards (Users) the permission to reproduce the IFRS Standards for
 - (i) the User's Professional Use, or
 - (ii) private study and education

Professional Use: means use of the English language version of the IFRS Standards in the User's professional capacity in connection with the business of providing accounting services for the purpose of application of IFRS Standards for preparation of financial statements and/or financial statement analysis to the User's clients or to the business in which the User is engaged as an accountant.

For the avoidance of doubt, the abovementioned usage does not include any kind of activities that make (commercial) use of the IFRS Standards other than direct or indirect application of IFRS Standards, such as but not limited to commercial seminars, conferences, commercial training or similar events.

2. For any application that falls outside Professional Use, Users shall be obliged to contact the IFRS Foundation for a separate individual licence under terms and conditions to be mutually agreed.
3. Except as otherwise expressly permitted in this notice, Users shall not, without prior written permission of the Foundation have the right to license, sublicense, transmit, transfer, sell, rent, or otherwise distribute any portion of the IFRS Standards to third parties in any form or by any means, whether electronic, mechanical or otherwise either currently known or yet to be invented.
4. Users are not permitted to modify or make alterations, additions or amendments to or create any derivative works, save as otherwise expressly permitted in this notice.
5. Commercial reproduction and use rights are strictly prohibited. For further information please contact the IFRS Foundation at permissions@ifrs.org.

The authoritative text of IFRS Standards is that issued by the International Accounting Standards Board in the English language. Copies may be obtained from the IFRS Foundation's Publications Department.

Please address publication and copyright matters in English to:

IFRS Foundation Publications Department

Columbus Building, 7 Westferry Circus, Canary Wharf, London, E14 4HD, United Kingdom.

Tel: +44 (0)20 7332 2730 Fax: +44 (0)20 7332 2749

Email: publications@ifrs.org Web: www.ifrs.org

Trade Marks



The IFRS Foundation logo, the IASB logo, the IFRS for SMEs logo, the “Hexagon Device”, “IFRS Foundation”, “eIFRS”, “IAS”, “IASB”, “IFRS for SMEs”, “IASs”, “IFRS”, “IFRSs”, “International Accounting Standards” and “International Financial Reporting Standards”, “IFRIC” and “SIC” are **Trade Marks** of the IFRS Foundation.

Disclaimer

The authoritative text of the IFRS Standards is reproduced and distributed by the External Reporting Board in respect of their application in New Zealand. The International Accounting Standards Board, the Foundation, the authors and the publishers do not accept responsibility for loss caused to any person who acts or refrains from acting in reliance on the material in this publication, whether such loss is caused by negligence or otherwise.

CONTENTS

NZ IFRIC INTERPRETATION 23 *UNCERTAINTY OVER INCOME TAX TREATMENTS*

from paragraph

NZ IFRIC 23 *UNCERTAINTY OVER INCOME TAX TREATMENTS*

1

APPENDIX A
Application Guidance

APPENDIX B
Effective date and transition

APPENDIX C
Amendments to other Standards

HISTORY OF AMENDMENTS

The following is available within New Zealand on the XRB website as additional material

ILLUSTRATIVE EXAMPLES

BASIS FOR CONCLUSIONS

NZ IFRIC 23

New Zealand Equivalent to IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments* (NZ IFRIC 23) is set out in paragraphs 1–14 and Appendices A, B and C. NZ IFRIC 23 is accompanied by Illustrative Examples and a Basis for Conclusions.

Any New Zealand additional material is shown with either “NZ” or “RDR” preceding the paragraph number.

Reduced Disclosure Regime

Tier 2 for-profit entities must comply with all the provisions in NZ IFRIC 23.

NZ IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*

References

- NZ IAS 8 *Basis of Preparation of Financial Statements*
- NZ IAS 10 *Events after the Reporting Period*
- NZ IAS 12 *Income Taxes*

Background

- 1 NZ IAS 12 *Income Taxes* specifies requirements for current and deferred tax assets and liabilities. An entity applies the requirements in NZ IAS 12 based on applicable tax laws.
- 2 It may be unclear how tax law applies to a particular transaction or circumstance. The acceptability of a particular tax treatment under tax law may not be known until the relevant taxation authority or a court takes a decision in the future. Consequently, a dispute or examination of a particular tax treatment by the taxation authority may affect an entity's accounting for a current or deferred tax asset or liability.
- 3 In this Interpretation:
 - (a) 'tax treatments' refers to the treatments used by an entity or that it plans to use in its income tax filings.
 - (b) 'taxation authority' refers to the body or bodies that decide whether tax treatments are acceptable under tax law. This might include a court.
 - (c) an 'uncertain tax treatment' is a tax treatment for which there is uncertainty over whether the relevant taxation authority will accept the tax treatment under tax law. For example, an entity's decision not to submit any income tax filing in a tax jurisdiction, or not to include particular income in taxable profit, is an uncertain tax treatment if its acceptability is uncertain under tax law.

Scope

- NZ 3.1 This Interpretation applies to Tier 1 and Tier 2 for-profit entities.
- 4 This Interpretation clarifies how to apply the recognition and measurement requirements in NZ IAS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in NZ IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation.

Issues

- 5 When there is uncertainty over income tax treatments, this Interpretation addresses:
 - (a) whether an entity considers uncertain tax treatments separately;
 - (b) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
 - (c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
 - (d) how an entity considers changes in facts and circumstances.

Consensus

Whether an entity considers uncertain tax treatments separately

- 6 An entity shall determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.
- 7 If, applying paragraph 6, an entity considers more than one uncertain tax treatment together, the entity shall read references to an ‘uncertain tax treatment’ in this Interpretation as referring to the group of uncertain tax treatments considered together.

Examination by taxation authorities

- 8 In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, an entity shall assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.

Determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

- 9 An entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment.
- 10 If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings.
- 11 If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates. An entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either of the following methods, depending on which method the entity expects to better predict the resolution of the uncertainty:
- (a) the most likely amount—the single most likely amount in a range of possible outcomes. The most likely amount may better predict the resolution of the uncertainty if the possible outcomes are binary or are concentrated on one value.
 - (b) the expected value—the sum of the probability-weighted amounts in a range of possible outcomes. The expected value may better predict the resolution of the uncertainty if there is a range of possible outcomes that are neither binary nor concentrated on one value.
- 12 If an uncertain tax treatment affects current tax and deferred tax (for example, if it affects both taxable profit used to determine current tax and tax bases used to determine deferred tax), an entity shall make consistent judgements and estimates for both current tax and deferred tax.

Changes in facts and circumstances

- 13 An entity shall reassess a judgement or estimate required by this Interpretation if the facts and circumstances on which the judgement or estimate was based change or as a result of new information that affects the judgement or estimate. For example, a change in facts and circumstances might change an entity’s conclusions about the acceptability of a tax treatment or the entity’s estimate of the effect of uncertainty, or both. Paragraphs A1–A3 set out guidance on changes in facts and circumstances.
- 14 An entity shall reflect the effect of a change in facts and circumstances or of new information as a change in accounting estimate applying NZ IAS 8 *Basis of Preparation of Financial Statements*. An entity shall apply

NZ IAS 10 *Events after the Reporting Period* to determine whether a change that occurs after the reporting period is an adjusting or non-adjusting event.

Appendix A Application Guidance

This appendix is an integral part of NZ IFRIC 23 and has the same authority as the other parts of NZ IFRIC 23.

Changes in facts and circumstances (paragraph 13)

- A1 In applying paragraph 13 of this Interpretation, an entity shall assess the relevance and effect of a change in facts and circumstances or of new information in the context of applicable tax laws. For example, a particular event might result in the reassessment of a judgement or estimate made for one tax treatment but not another, if those tax treatments are subject to different tax laws.
- A2 Examples of changes in facts and circumstances or new information that, depending on the circumstances, can result in the reassessment of a judgement or estimate required by this Interpretation include, but are not limited to, the following:
- (a) examinations or actions by a taxation authority. For example:
 - (i) agreement or disagreement by the taxation authority with the tax treatment or a similar tax treatment used by the entity;
 - (ii) information that the taxation authority has agreed or disagreed with a similar tax treatment used by another entity; and
 - (iii) information about the amount received or paid to settle a similar tax treatment.
 - (b) changes in rules established by a taxation authority.
 - (c) the expiry of a taxation authority's right to examine or re-examine a tax treatment.
- A3 The absence of agreement or disagreement by a taxation authority with a tax treatment, in isolation, is unlikely to constitute a change in facts and circumstances or new information that affects the judgements and estimates required by this Interpretation.

Disclosure

- A4 When there is uncertainty over income tax treatments, an entity shall determine whether to disclose:
- (a) judgements made in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying paragraph 27G of NZ IAS 8; and
 - (b) information about the assumptions and estimates made in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying paragraphs 31A–31E of NZ IAS 8.
- A5 If an entity concludes it is probable that a taxation authority will accept an uncertain tax treatment, the entity shall determine whether to disclose the potential effect of the uncertainty as a tax-related contingency applying paragraph 88 of NZ IAS 12.

Appendix B Effective date and transition

This appendix is an integral part of NZ IFRIC 23 and has the same authority as the other parts of NZ IFRIC 23.

Effective date

- B1 An entity shall apply this Interpretation for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies this Interpretation for an earlier period, it shall disclose that fact.
- B1A NZ IFRS 18 *Presentation and Disclosure in Financial Statements* issued in May 2024 amended paragraphs 14 and A4. An entity shall apply those amendments when it applies NZ IFRS 18.

Transition

- B2 On initial application, an entity shall apply this Interpretation either:
- (a) retrospectively applying NZ IAS 8, if that is possible without the use of hindsight; or
 - (b) retrospectively with the cumulative effect of initially applying the Interpretation recognised at the date of initial application. If an entity selects this transition approach, it shall not restate comparative information. Instead, the entity shall recognise the cumulative effect of initially applying the Interpretation as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate). The date of initial application is the beginning of the annual reporting period in which an entity first applies this Interpretation.

Appendix C

Amendments to other Standards

This appendix describes the amendments to other Standards that were made when NZ IFRIC 23 was issued. An entity shall apply the amendments for annual periods beginning on or after 1 January 2019. If an entity applies NZ IFRIC 23 for an earlier period, these amendments shall be applied for that earlier period.

The amendments contained in this appendix when this Interpretation was issued in 2017 have been incorporated into the text of the relevant pronouncements.

HISTORY OF AMENDMENTS

Table of Pronouncements – NZ IFRIC 23 *Uncertainty over Income Tax Treatments*

This table lists the pronouncements establishing and amending NZ IFRIC 23. The table is based on amendments approved as at 31 January 2026.

Pronouncements	Date issued	Early operative date	Mandatory date (annual reporting periods... on or after ...)
NZ IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	Aug 2017	Early application permitted	1 Jan 2019
NZ IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	May 2024	Early application permitted	1 Jan 2027

Table of Amended Paragraphs in NZ IFRIC 23

Paragraph affected	How affected	By ... [date]
References	Amended	NZ IFRS 18 [May 2024]
Paragraph 14	Amended	NZ IFRS 18 [May 2024]
Paragraph A4	Amended	NZ IFRS 18 [May 2024]
Paragraph B1A	Added	NZ IFRS 18 [May 2024]