Tax IFRS Readiness Series

IFRS: A tax perspective on implementation*

IFRS—Tax action plan

*connectedthinking

PricewaterhouseCoopers

Introduction

Converting to International Financial Reporting Standards (IFRS) will have a broad impact on a company's global tax function. From a financial reporting perspective, the accounting and disclosure requirements associated with income taxes, including the effective tax rate, will be impacted. In addition, several components of a company's tax planning structure could also be affected by the conversion to IFRS, including tax accounting methods, cash taxes, domestic and international tax planning, and transfer pricing. Further, a company's tax processes, systems, and internal controls may require modifications to properly reflect the conversion to IFRS.

As companies progress in their IFRS conversion efforts, it is critical that their global tax function understands IFRS and the potential tax implications (both in the United States and in each foreign jurisdiction in which the organization operates), develops a tax-specific implementation plan, and is thoroughly involved in the company's overall conversion process from beginning to end.

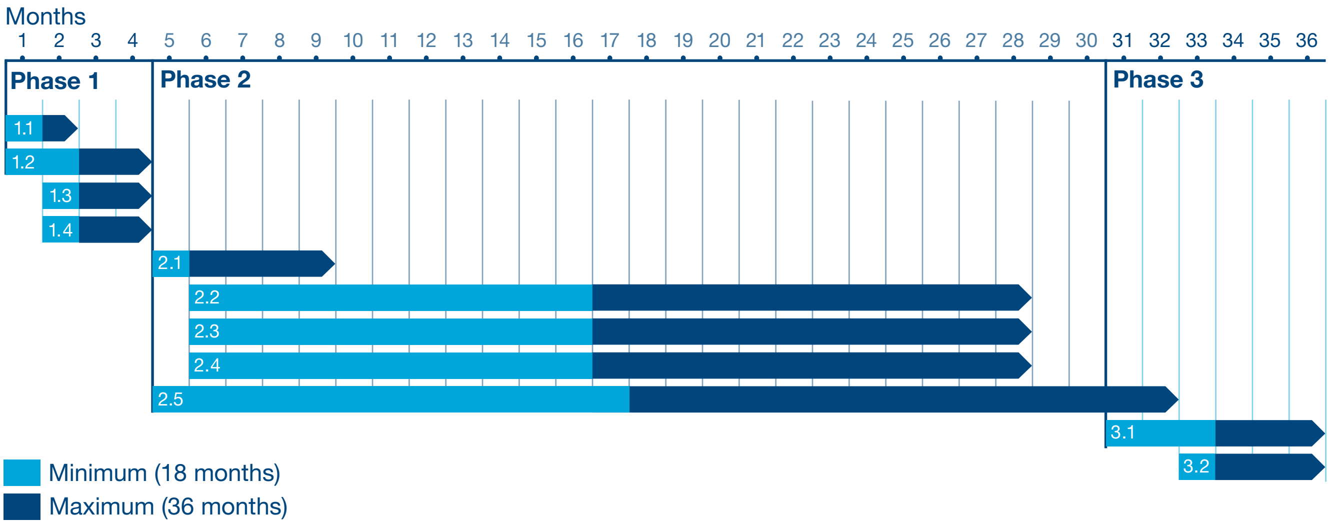
In the PricewaterhouseCoopers (PwC) IFRS publication, *Converting to International Financial Reporting Standards, Planning Considerations for US Tax Executives,* we address the importance of thinking in advance about an IFRS conversion and its significant tax accounting and tax planning implications. In the PwC IFRS publication, *Mapping the change, IFRS implementation guide,* we describe *TransitionIFRS,* PwC's proven, proprietary methodology for performing high-quality, well-controlled, company-wide IFRS implementations. This IFRS publication is a companion piece to both of the aforementioned documents and provides an illustrative action plan that your company's tax function can use to assess the actions necessary to implement IFRS within the company's specific timeline.

We expect that a tax function's timing and effort to implement IFRS will vary based on a number of factors. For example, timing will be significantly influenced by the company's financial and tax reporting process, systems, and internal controls; the diversity of its operations; the number and location of its subsidiaries; tax planning structures in place; and the company's tax footprint.

We expect that each company will implement this action plan differently. For example, certain actions may be mission-critical for all companies, while others may be more or less relevant to a particular company based on its overall business, tax, and financial reporting profile. Lastly, although the steps of the plan are primarily sequential, some actions are interrelated. Accordingly, it is important to view any such plan dynamically, rather than as having separate or isolated steps to complete.

IFRS—Tax action plan summary and timeline[1]

(illustrative)



Phase 1—Preliminary impact assessment

1.1 Assess the level of IFRS knowledge and experience within your company's global tax function and develop a strategy for IFRS training
1.2 Develop a Phase 1 work plan
1.3 Execute the Phase 1 preliminary impact assessment and prepare a "summary of findings" report
1.4 Develop a Phase 2 implementation plan

Phase 2—Initial conversion to IFRS

2.1 Compile an inventory of all pretax accounting policy changes resulting from the conversion to IFRS
2.2 Perform the initial financial statement conversion to IFRS
2.3 Analyze the impact of pretax accounting policy changes on tax accounting methods
2.4 Prepare detailed calculations and documentation for all tax planning issues impacted by IFRS
2.5 Analyze the necessary modifications to tax systems, processes, and internal controls

Phase 3—Integration of IFRS

3.1 Embed IFRS in the global tax function's systems, processes, and internal controls
3.2 Develop a plan to manage IFRS in the global tax function on an ongoing basis

1 Based on the proposed roadmap released by the Securities and Exchange Commission (SEC) in November 2008, the use of IFRS by US issuers will be required beginning in 2014, with the potential for voluntary adoption available to certain companies as early as 2009. Under current SEC rules, companies adopting IFRS in 2014 will be required to provide IFRS-compliant financial reporting data for year 2014, as well as years 2012 and 2013 (i.e., the comparative reporting period). In our experience, a well-designed and executed, company-wide IFRS conversion takes, on average, 18 to 36 months to complete. The above timeline illustrates how conversion efforts within the global tax function correlate with the overall, company-wide comprehensive IFRS conversion process.

IFRS—Tax action plan detailed steps

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Phase 1—Preliminary impact assessment

Performing a Phase 1 preliminary impact assessment of your company's global tax function allows your organization to assess the impact of an IFRS conversion on the company's tax accounting and financial reporting, tax compliance, and overall global tax planning strategy, as well as the level of effort that will be required to implement IFRS within your global tax function. The objective of this phase is to gather sufficient information about the potential impact on your tax reporting, compliance, and planning functions, as well as to establish an informed path forward for conversion to IFRS. The focus of this phase is a high-level assessment of the potential tax-related implications of the comprehensive conversion and embedding of IFRS within the organization.

This phase begins with education to ensure that your tax personnel understand the key elements associated with an IFRS conversion, including the first-time adoption rules, significant pretax changes, as well as the tax-specific conversion changes and potential implications. A work plan is then developed to conduct the Phase 1 analysis of your company's global tax function. Once the work plan is executed, the results of the Phase 1 analysis are documented in a "summary of findings" report highlighting the potentially significant impacts the IFRS conversion may have on your company's tax posture. At the conclusion of this phase, an implementation plan for Phase 2 (i.e., the actual conversion to IFRS) is developed.

It is important that, beginning in this phase, US-based multinational corporations (MNCs) understand the IFRS conversion timeline not only in the United States, but also in each foreign jurisdiction in which they operate. Many foreign jurisdictions are ahead of the United States in requiring IFRS for external reporting purposes and, in various instances, are requiring IFRS for statutory reporting purposes, as well. Once IFRS financial statements are released by the foreign subsidiary either externally or to a parent company, IFRS 1, *First-Time Adoption of International Financial Reporting Standards,* applies. Adopting IFRS 1 provides (and requires) that companies re-examine all of their current financial reporting policies and adopt new accounting methods for book purposes where appropriate. Once these policy determinations are made by the foreign subsidiary, they generally are not able to be changed by the subsidiary. While the parent company is not required to follow the same accounting policies selected by the foreign subsidiary in their initial IFRS conversion, they will need to make an adjustment in consolidation to reflect the use of a consistent accounting policy throughout the entire consolidated group. This may create an additional layer of complexity in the parent's consolidation process. Therefore, it is critical that US MNCs understand the IFRS reporting requirements in each jurisdiction and are actively engaged in all accounting policy selections within each jurisdiction. Further, it is imperative that tax executives be involved in these accounting policy determinations beginning in Phase 1 in order to assess the potential tax implications (e.g., impact on cash taxes, book-tax differences, cash flow, and the effective tax rate) in the United States and in each foreign jurisdiction.

Phase 1—Preliminary impact assessment (continued)

1.1 Assess the level of IFRS knowledge and experience within your company's global tax function and develop a strategy for IFRS training	The broad-reaching effects of IFRS will require companies to educate their global tax function on the new accounting standard. Based on the level of IFRS knowledge and experience within your company's global tax function, training seminars (either external or internal) should be conducted and/or training materials should be provided to tax department personnel. The training materials should focus on the key elements of an IFRS conversion, which include the first-time adoption rules; significant pretax accounting differences between IFRS and US GAAP; differences in accounting for income taxes between IFRS and US GAAP; and differences in financial statement disclosures associated with income taxes. They also should focus on other key tax planning issues that IFRS may impact, including tax accounting methods; cash tax liabilities; domestic and international tax planning; transfer pricing; and tax systems, processes, and internal controls. Matters to consider while expanding your tax department's knowledge of IFRS may include: • The extent to which outside consultants are needed • The role of company personnel in the training • The development of training materials • The coordination of training with other interested groups within the company • The timing of the training • The location(s) of the training • The format of the training (e.g., classroom-based, webcasts, conference calls, or a combination) The adoption of IFRS encompasses the entire global organization. Accordingly, your tax personnel in all company locations should receive the appropriate training. This may require conducting training sessions at various regional locations both in and outside the United States.

Phase 1—Preliminary impact assessment (continued)

1.2 Develop a Phase 1 work plan

A Phase 1 work plan should be prepared, incorporating a surveying approach, to streamline the inquiry and information gathering process across all significant jurisdictions in order to perform a high-level IFRS impact assessment within your company's global tax function.

Considerations for the Phase 1 work plan include:

- Identify local tax department resources, global tax department contacts from each selected subsidiary/jurisdiction, and relevant contacts from other departments, such as finance, human resources, and treasury
- Budget the amount of hours that will be needed to perform the Phase 1 analysis and assess the need for external resources at corporate and various other locations
- Develop specific instructions for the Phase 1 surveys, including the format in which to provide the data, the timeline for returning the surveys, and the years for which information will be required
- Ensure that all significant subsidiaries/foreign operations are identified and included in the survey distribution
- Determine what information will be needed on the surveys to complete a high-level impact assessment; examples of information to request for each jurisdiction include:
  - What is the status of IFRS adoption in the local jurisdiction? For example, has IFRS been adopted or allowed for statutory purposes; has local GAAP been modified to converge with IFRS; is local GAAP still being followed; are there plans for the jurisdiction to move to IFRS in the near future?
  - What gives rise to taxable basis in the jurisdiction (e.g., tax accounts, statutory accounts, or statutory accounts adjusted for certain tax items)?
  - Does the entity have different tax rates based on various types of income?
  - What are the significant overall book-tax differences? Further, what are the significant statutory to local GAAP to US GAAP differences?
  - Based on IAS 12,[1] what are the significant differences in tax accounting and reporting? Key differences between FAS 109 and IAS 12 may include uncertain tax positions, share-based compensation, intercompany transactions, and certain foreign exchange amounts (i.e., the tax effects associated with exchange rate changes and indexing on foreign nonmonetary assets and liabilities). Other key tax accounting areas of focus may include outside basis differences (APB 23), valuation allowances/realizability of deferred tax assets, and intraperiod allocations.

1 The IASB is expected to issue an exposure draft on income taxes in 2009.

Phase 1—Preliminary impact assessment (continued)

1.2 Develop a Phase 1 work plan (continued)

- What are the significant permanent differences?
- What are the amounts of tax expense and taxes paid?
- What are the current, significant tax accounting methods used for tax reporting purposes (e.g., inventory [LIFO]; leases; revenue recognition; property, plant, and equipment; etc.)?
- Does the entity have any significant tax attributes (e.g., credits and/or NOLs)?
- Does the entity operate with significant debt structures? Further, does the entity operate with hybrid instruments?
- How and under what accounting standards are financial instruments currently classified? Further, does the local tax law provide specific rules on financial instrument classification?
- What are the entity's current and historical repatriation plans, including their level of distributable reserves?
- What transfer pricing agreements, APAs, and rulings has the entity entered into?
- Does the entity have any significant federal, state, local, or non-income based (e.g., sales/use, VAT, property, or real estate) tax positions?
- Are there any current tax authority examinations? If so, are there any significant issues/areas of exposure?
- What system(s)/software package(s) is currently used in the tax accounting and tax compliance functions, including book and tax depreciation systems? Further, are the current software systems capable of performing in an IFRS environment?

• Participate in the conversion team's initial high-level meetings in which existing accounting policies are reviewed to identify those that are significantly different under IFRS; this will enable your global tax function to perform an initial assessment and have an active dialogue with the broader conversion team on the potential tax implications of the most critical accounting policy changes

In addition to the work plan, a strategy should be developed to adequately and timely inform appropriate members of your company's management (e.g., the CEO, CFO, treasury, legal, etc.) and the broader IFRS conversion team of changes that, as a result of the IFRS conversion, will have a significant impact on the financial statements or to your company's global tax planning objectives.

Phase 1—Preliminary impact assessment (continued)

1.3 Execute the Phase 1 preliminary impact assessment and prepare a "summary of findings" report	The data received from each of the surveys must be reviewed in order to determine (at a high-level) which tax accounting, tax compliance, and tax planning issues across your company could be significantly impacted by the conversion to IFRS and will require a more detailed analysis in Phase 2. In some instances, it may be appropriate to conduct additional, high-level diagnostic meetings with certain jurisdictions and selected departments, including finance, human resources, and treasury, to discuss the potential conversion implications. This will allow your organization to properly assess the potential impact of IFRS adoption within the global tax function. For example, meetings with the human resources department may provide additional information on share-based compensation, while meetings with treasury may provide additional information related to anticipated future borrowing and repatriation needs. Once the information contained on the surveys has been reviewed and any necessary diagnostic meetings have been conducted, a "summary of findings" (i.e., an executive summary) report should be created. The purpose of this report is to summarize, at a broad level, the significant implications IFRS conversion may potentially have on the global tax function. This report should be included in the overall IFRS conversion team's company-wide Phase 1 assessment report that is provided to your company's senior management, board, and financial management.

Phase 1—Preliminary impact assessment (continued)

1.3 Execute the Phase 1 preliminary impact assessment and prepare a "summary of findings" report (continued)	The summary of findings report from the global tax function may include the following information:

- Analysis of how the first-time adoption rules may impact your global tax function, including a summary of how the IFRS conversion timeline in other jurisdictions affects the global tax function
- Significant differences in tax accounting and reporting between FAS 109 and IAS 12 (or between a jurisdiction's local GAAP and IAS 12)
- Potential impact on permanent differences, deferred taxes, and the effective tax rate (may be only a directional analysis in Phase 1)
- Potential impact on income tax-related financial statement disclosures
- Impact that new IFRS accounting policies may have on tax accounting methods significant to your company's tax reporting profile
- Impact that new IFRS accounting policies may have on cash taxes, both US and foreign
- Significant implications to existing or anticipated domestic and international tax planning
- Potential impact on state and local tax planning, including apportionment, net worth taxes, property taxes, and real estate taxes
- Potential impact on non-income based taxes
- Potential impact on existing tax provision and tax reporting systems, processes, and internal controls, including potential system improvements or changes and adequacy of existing software and processes
- Tax department personnel, resource, and training needs

As previously mentioned, these findings do not represent a deep dive into each of the respective topics. Rather, the objective is to communicate a high-level assessment of the significant impacts an IFRS conversion may have on your company's global tax function.

Phase 1—Preliminary impact assessment (continued)

1.4 Develop a Phase 2 implementation plan	Once the Phase 1 analysis is complete and the significant tax accounting and tax planning issues have been identified, a tax implementation plan should be developed for Phase 2 (i.e., the initial conversion to IFRS). This plan should be coordinated and developed in conjunction with the company-wide IFRS Phase 2 conversion plan.

Considerations in developing the tax function's implementation plan for Phase 2 include:

- Determine how to approach the overall conversion within the global tax function, as well as the specific issues identified in Phase 1 that may be most significant to your company's financial reporting and tax posture
- Identify and designate tax resources locally and globally, determine roles and chain of command, and identify the global tax leader of the IFRS conversion efforts
- Understand which individuals have been identified as part of the overall IFRS conversion plan as the key contacts from other departments, such as finance, human resources, and treasury
- Determine if further training is needed
- Budget the amount of hours that will be needed to perform Phase 2
- Consider and assess the need to engage external resources to assist with the implementation
- Document the approach, scope, and instructions for implementation and distribute them to the tax function
- Determine the timing of and individuals to participate in the broader IFRS conversion team's meeting(s) in which the company's new accounting policies are selected
- Develop a plan to understand and analyze each pretax accounting policy change in each jurisdiction and determine the implications on the current tax accounting methods; specifically, develop a process and assign global resources to assess whether tax accounting method changes will be required or desired based on the pretax accounting policy changes, as well as to track the timing, filing, and procedural requirements for tax accounting method changes in each taxing jurisdiction
- Assess the nature and extent documentation will be needed or will need to be updated in order to support the Phase 2 analyses, calculations, and conclusions
- Determine whether your enterprise's existing systems, processes, and internal controls are sufficient or will need to be updated prior to the initial conversion
- Identify milestones and develop a timeline for completion of key tasks; this timeline should include the significant tax considerations previously identified in Phase 1

Phase 1—key takeaways:

At the end of Phase 1:

- Your company's global tax function will be educated on the key elements of IFRS conversion, including the first-time adoption rules, significant pretax accounting changes, and its potential implications on the most significant tax accounting and tax planning issues
- A summary of findings report will be developed that identifies and documents the key tax issues to be managed during the remainder of the conversion project
- An implementation plan will be developed that includes the global tax function's approach to conversion, the timing/interplay of conversion efforts with other areas of the organization, resource assignments, and various other operational considerations

Phase 2 — Initial conversion to IFRS

During Phase 2, the focus shifts to the detailed conversion to IFRS. Phase 2 represents the initial conversion to IFRS, including the development of shell IFRS financial statements and in-depth assessments, documentation, and calculations for all items impacted within the global tax function.

During Phase 2, on a regular basis, the approach, timeline, significant areas of focus, and significant judgments should be discussed with your company's overall IFRS conversion team. In addition, the overall team should be kept informed of the status of the implementation efforts within the global tax function.

2.1 Compile an inventory of all pretax accounting policy changes resulting from the conversion to IFRS	During Phase 2, the broader IFRS conversion team will perform a detailed review of the accounting policies under existing GAAP in each jurisdiction in which the entity operates and select new accounting policies under IFRS. It is critical that the tax function be involved throughout this selection process to ensure that the tax implications of each accounting policy change are properly analyzed and assessed based on the tax law in each jurisdiction. Once the selection process is complete, an inventory of all pretax accounting policy changes in each jurisdiction should be compiled.
2.2 Perform the initial financial statement conversion to IFRS	In conjunction with the overall IFRS conversion project, the initial financial statement conversion to IFRS will now be performed, which will include the following actions: • Ensure all financial reporting policies governing accounting for income taxes have been finalized • Identify all differences between FAS 109 & FIN 48 and IAS 12 and calculate all adjusting entries relating to both permanent and temporary differences; this will include those changes resulting from adopting IFRS models for uncertain tax positions and share-based compensation; these adjustments must be quantified as of the date of IFRS transition, which will include the year of IFRS adoption, as well as each comparative reporting period • Calculate the effective tax rate • Identify and map tax accounts to financial statement line items and disclosures • Develop financial statement footnote disclosure templates • Participate in the preparation of the draft IFRS financial statements

Phase 2—Initial conversion to IFRS (continued)

2.3 Analyze the impact of pretax accounting policy changes on tax accounting methods	The tax planning implications of each accounting policy change resulting from the conversion to IFRS should be reviewed and evaluated. The accounting policy changes were previously inventoried in step 2.1. For each accounting policy change, your tax function should conduct a detailed comparison of the current GAAP policy and the new IFRS policy. A determination must then be made whether to continue to follow the current accounting method for tax (if the current book accounting method is permissible for tax); to change to the new IFRS accounting method (if that method is a permissible or required method for tax); or to change to some other acceptable or required tax accounting method. The tax function will need to assess the impact on cash taxes, deferred taxes, the effective tax rate, and the company's overall tax planning objectives for each accounting policy change. Note, the actions described in this step will need to be performed in conjunction with steps 2.1 and 2.2 in order to determine the appropriate classification of current and deferred taxes. In addition, tax management should determine, on a jurisdiction-by-jurisdiction basis, the manner in which any changes in tax accounting methods must be reported to the taxing authorities and the procedures for obtaining the consent of the taxing authorities. Management should develop a plan to ensure that tax accounting method changes are managed properly both within your organization and with the local jurisdiction's taxing authority.

Phase 2—Initial conversion to IFRS (continued)

2.4 Prepare detailed calculations and documentation for all tax planning issues impacted by IFRS

As the global tax function is converting to IFRS for financial accounting and reporting purposes, it must simultaneously complete detailed analyses, calculations, and documentation for all identified international and domestic tax planning and compliance issues that IFRS impacts. For example, the tax function will need to perform the following:

- **Cash taxes—**Calculate and document the impact on cash taxes, both US and non-US
- **International tax planning—**Finalize all global tax structure assessments (e.g., determine if the structure is still viable or requires modification; determine classifications for all financial instruments; calculate any limitations on interest deductibility resulting from revised debt/equity classifications; quantify any changes to the E&P pool; determine the impact on foreign tax credits and subpart F income; and determine or review the amount of earnings available for distribution)
- **Transfer pricing—**Quantify and record the effects that the newly adopted IFRS accounting policies have on existing transfer pricing policies; update transfer pricing documentation, including intercompany agreements and contemporaneous documentation; and address implications on existing APAs and rulings
- **State and local tax planning—**Calculate new apportionment factors resulting from changes in revenue recognition, fair value determinations for PP&E, and other balance sheet and income statement changes; also, revise calculations associated with capital/ franchise taxes and property taxes
- **IRS and foreign taxing authority examination processes—**Understand and manage the potential effects IFRS could have on various Internal Revenue Service (IRS) and foreign taxing authority examinations; a company may want to consider whether proactive discussions with the taxing authorities may facilitate ongoing or subsequent audits

In conjunction with preparing the detailed calculations and documentation for all tax planning issues impacted by IFRS, the organization will also need to begin developing solutions and adjusting its tax footprint to address and manage these and other issues impacted by IFRS within the global tax function on an ongoing basis. Although this process begins in Phase 2, it continues into Phase 3 (i.e., the integration of IFRS). Embedding and managing IFRS in the global tax function on an ongoing basis is discussed in steps 3.1 and 3.2.

Phase 2—Initial conversion to IFRS (continued)

2.5 Analyze the necessary modifications to tax systems, processes, and internal controls

It is critical that efforts begin during this phase to integrate all of the newly adopted IFRS accounting policies into the financial and tax processes, systems, and internal controls.

Specifically, with respect to tax systems, many important issues should be considered during the conversion process. For example:

- Will the current tax accounting systems be capable of recasting historical financial statements, including additional disclosures, that may be required under IFRS?
- Will the current general ledger, tax accounting, and tax compliance systems be capable of handling the new, and potentially complex, accounting policies, such as asset componentization?
- Will the functionality of the systems allow the global tax function to access information for compliance and planning purposes (e.g., E&P adjustments, book/tax differences, etc.)?
- Will the current systems be capable of archiving historical GAAP financial data to ensure that information can be accessed, as needed, to respond to requests by taxing authorities examining prior-year tax returns?
- Will IFRS conversion efforts provide an opportunity for the tax function to consider upgrading to new, more efficient tax technologies?

Converting to IFRS also requires the existing control environment around taxes to be re-evaluated. Evaluating the controls over financial reporting, as well as tax compliance, is critical to ensure sufficient time is available to review the design of the existing framework and to implement new controls as needed, generate proper documentation, and perform the appropriate testing and review. Performing this review in Phase 2 will better enable your tax department to operate its controls effectively once going "live," as well as allow time to assess the process and address any inefficient or redundant aspects within the process.

Phase 2—key takeaways:

The following should be complete at the end of Phase 2:

- Final selection of all IFRS accounting policies
- Creation of shell IFRS financial statements
- Assessment of the implications on tax accounting methods in each jurisdiction in which the company operates
- Detailed analyses, computations, and documentation for all issues within the global tax function impacted by the conversion to IFRS

Phase 3—Integration of IFRS

Incorporating IFRS changes into the day-to-day operations, processes, and systems of your business (known as "embedding") is critical for a successful conversion. The objective of this phase is to ensure a smooth transition to IFRS so that your company can use the new IFRS language on a sustainable basis in future years.

By the end of the embedding phase, the global tax function should be able to produce IFRS data with a high degree of process and system efficiency and control.

3.1 Embed IFRS in the global tax function's systems, processes, and internal controls	Phase 3 results in your company embedding IFRS policies into its processes, systems, and internal controls on an ongoing basis. Based on the work that has been done throughout the conversion process, the following steps must be taken now and on a continuing basis: • Revise tax function roles/reporting lines and train tax department personnel on new accounting standards, as well as updated systems, processes, and internal controls • Assess the existing tax provision and tax compliance systems relative to your tax function's technology needs for ongoing compliance with IFRS; for some enterprises, conversion to IFRS will require an investment in automated information processing to enable them to aggregate and evaluate the necessary financial and tax reporting data on an ongoing basis; further, by updating your data collection processes, data disruption issues may be reduced and forecast and planning activities may be better facilitated • Update internal accounting control documentation, compliance process manuals, and accounting/process manuals for tax processes that have changed/been added to accommodate IFRS reporting • Continue efforts to fully implement the tax planning issues identified in Phases 1 and 2, as well as continue to identify further tax planning opportunities and implications that result from operating in the new IFRS reporting environment; for example: - Revise transfer pricing documentation and comparables data, as well as renegotiate APAs; policies under IFRS should be regularly evaluated to determine whether the results remain supportable from an arm's-length perspective; further, over time, the reliability of comparable data may be affected, particularly in connection with multiple-year analyses in the context of transfer pricing documentation and APA requests - Modify any intercompany agreements and, to the extent possible, third-party contracts; the terms of your intercompany agreements and contracts should be regularly evaluated to determine the potential tax implications; for example, lease agreements accounted for under IFRS may have significant cash tax ramifications in several jurisdictions - Ensure all tax accounting method change requests that were filed have been approved/resolved with the taxing authorities - Manage IFRS-impacted tax planning issues throughout ongoing IRS and foreign taxing authority examination processes

Phase 3—Integration of IFRS (continued)

3.2 Develop a plan to manage IFRS in the global tax function on an ongoing basis	The experience in implementing IFRS should be used to identify individuals who can coordinate IFRS-tax efforts on an ongoing basis. These individuals should keep current with tax accounting and tax law developments (e.g., by subscribing to publications that provide updates on such developments) to continuously assess the implications of IFRS on the global tax function.

Phase 3—key takeaways:

During Phase 3, the global tax function will:

- Embed IFRS as the primary financial reporting language within the systems, processes, and internal controls of the global tax function
- Go live and monitor changes in accounting guidance or tax law to continually assess the implications of IFRS on the global tax function

Final thoughts

The conversion to IFRS will be a complex, time-consuming effort. Organizations should plan for and implement the role of tax in the conversion process to ensure that all tax considerations, including income tax accounting financial statement implications, are properly addressed. The development of a tailored IFRS—Tax action plan will facilitate the identification of potential opportunities and roadblocks, as well as provide a strategic path to manage the conversion process within your organization's global tax function.

PicewaterhouseCoopers is committed to helping companies navigate the conversion from US GAAP to IFRS. With that in mind, please visit www.pwc.com/usifrs/tax to view our comprehensive library of tax IFRS thought leadership, webcasts and tools addressing the business and technical issues that companies should be considering in anticipation of the move from US GAAP to IFRS.

For our complete list of US IFRS publications and webcasts, please visit www.pwc.com/usifrs.

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