



**ANALYSIS AND RESPONSES TO WRITTEN COMMENT
RECEIVED ON THE**

**PROPOSED INTERPRETATION OF THE STANDARDS
OF GRAP ON *LIABILITIES TO PAY LEVIES***

(ED 153)



RESPONSES TO THE WRITTEN COMMENT RECEIVED ON THE PROPOSED INTERPRETATION OF THE STANDARDS OF GRAP ON *LIABILITIES TO PAY LEVIES* (ED 153)

The Accounting Standards Board (Board) approved the Exposure Draft of the proposed Interpretation of the Standards of GRAP on *Liabilities to Pay Levies* (ED 153) in September 2016 for comment. A Notice was also published in the Government Gazette on the 14th of October 2016 (Notice 40346). The comment period closed on 31 January 2017.

A comment letter was received from the Department of Treasury of the Free State Province, which included submissions from the entities listed in the table on the next page. Any comments received from these entities are summarised in this document with the Board's response thereto.

The proposed Interpretation of the Standards of GRAP was also discussed with stakeholders at workshops, roundtable discussions or other meetings. Comments received during these sessions are summarised in a separate document.

CLASSIFICATION OF WRITTEN COMMENT RECEIVED ON THE PROPOSED INTERPRETATION OF THE STANDARDS OF GRAP ON *LIABILITIES TO PAY LEVIES* (ED 153)

No.	Name/Organisation	Total	Preparers	Users	Auditors	Other interested parties
1.	Submission by the Free State Department of Treasury, including inputs from the following Departments: <ul style="list-style-type: none"> • Provincial Treasury • Public Works and Infrastructure • Agriculture and Rural Development 		√			
	TOTAL	1	1	0	0	0



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No.	Comment	Board's response
1.	Department of Treasury Free State Province	
1.1	General	
	<p>The request for comment, a questionnaire as well as the relevant documentation were sent to all provincial departments, public entities as well as municipalities.</p> <p>Responses were received from the following departments:</p> <p>Departments</p> <ul style="list-style-type: none"> -Provincial Treasury -Public Works and Infrastructure -Agriculture and Rural Development <p>Attached please find the comments received based on your invitation as completed by the above-mentioned departments for your consideration. All of the departments agreed with the matter as per the exposure draft.</p>	Noted. No further action required.
1.2	Provincial Treasury	
	No matters for comment.	Noted. No further action required.



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1.3	Public Works and Infrastructure	<p>The Department of Public Works and Infrastructure pays property taxes to municipalities for all buildings owned by the Department. However, such payments are within the scope of other Standards of GRAP and therefore not subject to the Interpretation of ED 153.</p> <p>Basis for conclusion BC2: The Board agreed that entities should consider the nature of the payment rather than the use of the term “levy”.</p> <p>Basis for conclusion BC3: The Interpretation of the Standards of GRAP defines a levy as the outflow of resources from an entity imposed by a government in accordance with legislation or similar means, other than payments that:</p> <ul style="list-style-type: none"> • are within the scope of other Standards of GRAP. 	<p>Noted. Property taxes are levied on owners of property by municipalities. To the municipality, the amount levied to property owners is revenue from a non-exchange transaction that is accounted for in accordance with the Standard of GRAP on <i>Revenue from Non-exchange Transactions (Taxes and Transfers)</i>. However to the property owner, the property taxes are considered to be within the scope of the proposed Interpretation for the following reasons:</p> <ul style="list-style-type: none"> - they are not within the scope of other Standards of GRAP, for example, there is no specific Standard of GRAP dealing with expenses; and since property taxes are not considered to be an income tax they are not within the scope of the International Accounting Standard on <i>Income Taxes</i>; - they are not paid in exchange for assets or the provision of goods or services in an exchange transaction; - they are not imposed of breaches of legislation or similar means; and - they do not arise from emission trading schemes. <p>Therefore property taxes are within the scope of</p>
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		this proposed Interpretation of the Standards of GRAP and as a result, no further action is required.
1.4	Agriculture and Rural Development	
	No matters for comment.	Noted. No further action required.