[ESMA sets out expectations regarding application of IAS 12]

The European Securities and Markets Authority (ESMA), the EU's securities markets' regulator, has published today a Public Statement on IAS 12 *Income Taxes*, setting out its expectations regarding the application of the requirements relating to the recognition, measurement and disclosure of deferred tax assets (DTAs) arising from unused tax losses in IFRS financial statements.

This Public Statement aims to promote consistent application of IFRS across the European Union, and includes key messages that issuers, auditors and audit committees should take into account when recognising deferred tax assets in their financial statements, thereby providing insights on issues on which European enforcers usually challenge issuers.

The Public Statement stems from the findings and discussions of the European Enforcers Coordination Sessions (EECS), where several cases highlighted that significant divergence exists in the application and enforcement of the requirements on deferred tax losses arising from unused tax losses carried forward.

ESMA and National Competent Authorities will continue to monitor the application of the requirements set out in IAS 12 and will pay attention to the issue highlighted in this Public Statement when performing examinations of financial statements.