

December 21, 2021

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

RE: Information Request - Subsequent accounting for goodwill

Dear Board Members,

The Comitê de Pronunciamentos Contábeis (CPC) welcomes the opportunity to respond the Information Request on certain matters regarding subsequent accounting for goodwill.

We are a standard-setting body engaged in the study, development and issuance of accounting standards, interpretations and guidance for Brazilian companies.

Since 2010, the accounting framework applicable for public companies in Brazil is aligned with IFRS and does not require subsequent amortization of goodwill. Previously, however, subsequent amortization of goodwill was required and limited by a 10-year period. Entities were required to estimate the useful life of goodwill based on management's best estimate of the projected financial performance.

We are not aware of significant potential effects that could derive from transitional adjustments that involve writing-off amounts of historical goodwill balances in case the Board decides to reintroduce goodwill amortization. More specifically, we would like to clarify that goodwill amortization is already required for income tax purposes in Brazil and, according to our local tax rules, it should occur within a fixed period of 5 years and deductibility is possible only under certain specific circumstances.

As declared in our comment letter addressing the Discussion Paper *Business Combination – Disclosures, Goodwill and Impairment*, we would like to express our support for the IASB's initiative to consider the alternative of reintroducing goodwill amortization. It is our view that the potential benefits of the amortization model justify such initiative.

Our response was initially drafted based on the experience of the representatives of the entities that participate in the CPC. The draft response was made available for each participating entity to assess internally whether additional changes would be necessary. This response is the final version that was approved by the entities that are voting members of the CPC.¹

¹ Our members are nominated by the following entities: ABRASCA (Brazilian Listed Companies Association), APIMEC (National Association of Capital Market Investment Professionals and Analysts), B3 (Brazilian Stock Exchange and Mercantile & Future Exchange), CFC (Federal Accounting Council), FIPECAFI (Financial and Accounting Research Institute Foundation) and IBRACON (Brazilian Institute of Independent Auditors).



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If you have any questions about our comments, please do not hesitate to contact us at operacoes@cpc.org.br.

Yours sincerely,

A handwritten signature in black ink that reads 'Rogério Lopes Mota'.

Rogério Lopes Mota
Chair of International Affairs
Comitê de Pronunciamentos Contábeis (CPC)