

26 May 2020

International Accounting Standards Board
Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom

Dear Sir,

COMMENTS ON THE INTERNATIONAL ACCOUNTING STANDARDS BOARD'S EXPOSURE DRAFT ED/2020/2

We would like to take this opportunity to comment on Exposure Draft (ED) ED/2020/2 *Covid-19-Related Rent Concessions (Proposed Amendment to IFRS 16)* issued by the International Accounting Standards Board (IASB).

2. We welcome the proposal to permit lessees, as a practical expedient, not to assess whether Covid-19-related rent concessions are lease modifications and, instead, account for those rent concessions as if they were not lease modifications. We agree that this will relieve lessees of practical challenges e.g. assessing whether a potentially huge volume of covid-19-related rent concessions are lease modifications in light of the many challenges entities face during the pandemic, while enabling lessees to continue providing useful information on leases to users of financial statements.

Limitation of practical expedient to lease payments due in 2020

3. However, we are of the view that limiting the proposed practical expedient to rent concessions that reduce only lease payments due in 2020 would pose difficulties to lessees who may receive rebates beyond 31 December 2020.

4. Thus, the IASB may wish to consider extending the proposed practical expedient to all covid-19-related rent concessions granted in the financial year ending 2021, rather than to only lease payments due in 2020. This will allow

lessees who have been granted covid-19-related rent concessions beyond 2020 to consistently apply the practical expedient.

Extension of practical expedient to lessors

5. In addition, it may not be practical for lessors where leasing is not a main part of their business to assess if certain types of rent concessions are lease modifications. This is especially so for forms of rent concessions that are not business decisions, but are mandated by law.

6. Therefore, the IASB should consider extending the proposed practical expedient to certain types of rent concessions e.g. those required by law, to lessors to provide some form of relief to them.

7. We hope that our comments will contribute to the IASB's further deliberation on this ED. Should you require any clarifications, please contact the Secretariat, Advisory Committee on Accounting Standards for Statutory Boards. Thank you.

Yours sincerely

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ADVISORY COMMITTEE ON ACCOUNTING STANDARDS FOR
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