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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Canada. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact [permissions@ifrs.org](mailto:permissions@ifrs.org).

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### RELEVANT JURISDICTIONAL AUTHORITY

Organisation	Canadian Accounting Standards Board (AcSB)
Role of the organisation	<p>The AcSB is the recognised standard-setting body for financial reporting standards in Canada. In that capacity, it promulgates the standards that constitute generally accepted accounting principles in Canada (Canadian GAAP). The AcSB endorses individual new and amended IFRS Accounting Standards for adoption in Canada as Canadian GAAP for publicly accountable enterprises.</p> <p>National Instrument 52-107 <i>Acceptable Accounting Principles and Auditing Standards</i> promulgated by the Provincial securities regulators prescribes the accounting standards that must be used by companies whose securities trade in a public market in Canada. With a few exceptions, financial statements of such companies must be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises (IFRS Accounting Standards) and must disclose:</p> <ul style="list-style-type: none"> <li>• in the case of annual financial statements, an unreserved statement of compliance with IFRS Accounting Standards, and</li> </ul>

- in the case of an interim financial report, an unreserved statement of compliance with IAS 34 *Interim Financial Reporting*.

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## COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes.
Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?	Yes.
What is the jurisdiction's status of adoption?	Canada adopted IFRS Accounting Standards for most 'publicly accountable enterprises' for financial years beginning on or after 1 January 2011. As of 2023, Canadian GAAP for all publicly accountable enterprises is IFRS Accounting Standards, although regulators provide an option for United States Securities and Exchange Commission issuers and for rate-regulated companies to apply US GAAP, rather than Canadian GAAP.
Additional comments provided on the adoption status?	<p>'Publicly accountable enterprises' are entities, other than not-for-profit organisations, that have issued, or are in the process of issuing, debt or equity instruments that are, or will be, outstanding and traded in a public market or hold assets in a fiduciary capacity for a broad group of outsiders as one of their primary businesses.</p> <p>Following the issuance of IFRS 14 <i>Regulatory Deferral Accounts</i>, the AcSB withdrew the deferral for entities with rate-regulated activities, and full IFRS Accounting Standards were required, for interim and annual financial statements relating to annual periods beginning on or after January 1, 2015. The Canadian Securities Administrators provided an option for those registered with the United States Securities and Exchange Commission to apply US GAAP, rather than Canadian GAAP. However, the Canadian Securities Administrators concluded that rate-regulated entities that are <u>not</u> registered with the US SEC may ask their Principal Provincial Regulator for an extension of their exemption from the requirement to adopt IFRS Accounting Standards 1 January 2027.</p> <p>Consequently, as of 2023, Canadian GAAP for all publicly accountable enterprises is IFRS Accounting Standards, although regulators provide options for (a) those filing in the United States to apply US GAAP, rather than Canadian GAAP and (b) rate-regulated entities not filing in the United States to apply US GAAP until 2027.</p>
If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.	Not applicable.

## EXTENT OF IFRS APPLICATION

*For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?	Yes.
If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?	Required for most domestic companies whose securities are publicly traded and permitted for the others.
Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?	IFRS Accounting Standards are required for all publicly accountable entities, except that Canadian securities regulators provide an option for publicly accountable entities that are SEC issuers and for rate-regulated companies to use US GAAP.
Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?	Yes.
For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?	Required if separate company financial statements are published by a company whose securities trade in a public market; however such financial statements are not required and are rarely published.
For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?	Canadian private enterprises and not-for-profit organisations are permitted a free choice of adopting IFRS Accounting Standards or separate sets of Canadian standards developed specifically for those types of entities. When they choose to adopt IFRS Accounting Standards, there is no requirement to reconcile to the domestic standards.
If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?	Not applicable.

*For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?	<p>IFRS Accounting Standards are required for foreign companies whose securities trade in a public market in Canada except as follows:</p> <ul style="list-style-type: none"> <li>• A non-Canadian company whose securities trade in a public market in Canada that is also a US SEC issuer has the option of applying US GAAP.</li> <li>• A non-Canadian company whose securities trade in a public market in Canada that is also a US SEC foreign issuer and that has 10% or less of its securities owned by residents of Canada may use accounting principles that meet the requirements for SEC Foreign Private Issuers, as defined for SEC purposes, provided the financial statements include a reconciliation to US GAAP.</li> <li>• Foreign issuers from jurisdictions designated by the Canadian Securities Regulators may use the accounting principles of their home jurisdiction without reconciliation to IFRS Accounting Standards.</li> </ul>
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If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?

Required in some cases, permitted in others, as described above.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

See details above.

## IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?

IFRS Accounting Standards as issued by the Board, i.e., standards and amendments are adopted/endorsed as and when issued by the Board.

The AcSB's standards and the regulations applicable to public companies and financial institutions mandate the use of 'IFRS as issued by the IASB'.

The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:

IFRS Accounting Standards.

The regulatory requirement is to disclose compliance with 'IFRS' without the additional qualifier 'as issued by the IASB'. The regulation defines 'IFRS' as 'the standards and interpretations adopted by the International Accounting Standards Board, as amended from time to time' so, in Canada, 'IFRS' doesn't need the additional qualifying language. However, entities are not prohibited from adding the additional words 'as issued by the IASB'.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?

Yes.

Although Canadian GAAP for publicly accountable entities is IFRS Accounting Standards as issued by the Board, entities are permitted to disclose that they are in compliance with Canadian GAAP in addition to disclosing compliance with IFRS Accounting Standards.

Are IFRS Accounting Standards incorporated into law or regulations?

Not individually, but IFRS Accounting Standards are authoritative without individual adoption because Canadian securities regulations require use of IFRS Accounting Standards. In effect, individual IFRS Accounting Standards are incorporated into Canadian securities regulations by reference.

If yes, how does that process work?

Not applicable.

If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?

The adoption of IFRS Accounting Standards was achieved by incorporating the standards into Part I of the CPA Canada Handbook–Accounting and making them part of Canadian GAAP. This process accorded IFRS recognition under the laws and regulations that govern financial reporting by Canadian entities. IFRS Accounting Standards were recognised simultaneously through the regulations and policies of the market and prudential regulators.

The texts of the IFRS Accounting Standards are not incorporated into the texts of Canadian law and regulations; the standards are incorporated by reference into various laws automatically, either by direct reference to IFRS Accounting Standards or by way of a reference to the CPA Canada Handbook–Accounting. The texts of the IFRS are copied only into Part I of the CPA Canada Handbook–Accounting.

Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?

Yes.

If yes, what is the process?

The AcSB's endorsement activities consist of both assessing the due process activities the IASB undertook and applying its own due process. Specifically, it performs the following three steps before reaching a conclusion on whether a new or amended IFRS Accounting Standard is appropriate for application in Canada, and whether the AcSB should endorse and incorporate it into the Handbook:

- Step 1: Gain an understanding of the new or amended IFRS Accounting Standard;
- Step 2: Assess the IASB's due process in developing the new or amended IFRS Accounting Standard; and
- Step 3: Evaluate whether the requirements of the new or amended IFRS Accounting Standard are appropriate for application in Canada.

The AcSB performs Step 1 through the monitoring of IASB activities throughout the project's life and through participation in international meetings with the IASB and other standard setters. During this process, the AcSB helps influence the IFRS Accounting Standards development by raising awareness with Canadian stakeholders, providing opportunities for stakeholders to make their views known, responding to documents for comment on the IASB's proposals and leveraging round tables and other discussions. From these various activities, the AcSB gathers evidence as to the quality of the way in which the Board develops standards and, accordingly, the extent to which the AcSB can rely on the standards being of the highest quality.

During Step 2, on a project-by-project basis, the AcSB monitors the IASB's activities to ensure its due process is being followed (e.g., reading IASB agenda papers, monitoring meeting discussions, discussing issues with IASB members and staff). The AcSB also reviews documentation on the IASB's and the IFRS® Foundation Due Process Oversight Committee's assessment of whether the IASB has met its due process for each project.

In Step 3, the AcSB issues its own 'wraparound exposure draft' for every exposure draft and draft interpretation issued by the Board and IFRIC. The wraparound exposure draft directs Canadian stakeholders to comment directly to the Board but also asks one question on which the AcSB solicits stakeholder input: 'The proposed standard has been developed by the IASB Board for application by entities around the world. Assuming the Exposure Draft proposals are approved by the IASB Board, do you believe that there are aspects of the proposed standard that make some or all of it inappropriate for Canadian entities, even though it is appropriate for entities in the rest of the world? If so, please specify which aspects and what circumstances make the accounting requirements proposed in the Exposure Draft inappropriate for Canadian entities.'

As soon as possible following the Board's approval of a new or amended standard, the AcSB reviews the final steps in the Board's due process, including the review by the IFRS Foundation's Due Process Oversight Committee. It also considers the responses to its own wraparound exposure draft and outreach events. The AcSB then approves the new material by written ballot, translates the text into French and publishes the English and French texts into the CPA Canada Handbook–Accounting (Part 1).

Finally, the AcSB issues a due process summary to communicate the actions taken and the considerations AcSB members deemed significant in deciding to endorse and incorporate into Canadian GAAP new and amended IFRS Accounting Standards.

If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?	Not applicable.
Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?	No.
If yes, what are the changes?	Not applicable.
Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?	IFRS Accounting Standards are made available to the public by copying their texts into the CPA Canada Handbook – Accounting (Part 1). The CPA Canada Handbook–Accounting is available free of charge to members of CPA Canada by way of a password-protected website ('Knotia'). IFRS are also freely available to the general public in Canada in the form of the unaccompanied standards on an open website (the same as the unaccompanied standards on the IFRS Foundation's website), through a licensing arrangement with the IFRS Foundation.

## TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language?	Yes, they are translated into French, and the translation is co-ordinated by the IFRS Foundation.
If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards?	Translations into French are prepared by the professional translators of CPA Canada's Language Services Department in Montreal. The drafts are reviewed by bilingual professional accountants and passed through the IFRS Foundation's translation department and review committee before being finalised. All updates to standards, as well as exposure drafts, are translated as soon as possible after their issuance by the IASB in English. The English text cannot be endorsed and issued by the AcSB without first being translated. Canadian law and the AcSB's policy effectively require that IFRS Accounting Standards be translated and issued on a timely basis to permit their adoption in practice by the effective date set by the IASB.

## APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the <i>IFRS for SMEs</i> Accounting Standard for at least some SMEs?	No.
If no, is the adoption of the <i>IFRS for SMEs</i> Accounting Standard under consideration?	No.
Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> Accounting Standard?	Not applicable.
If the jurisdiction has made any modifications, what are those modifications?	Not applicable.
Which SMEs use the <i>IFRS for SMEs</i> Accounting Standard in the jurisdiction, and are they required or permitted to do so?	Not applicable.

For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use?

The AcSB has developed a separate financial reporting framework for private enterprises. Private enterprises may also choose Canadian GAAP for publicly accountable enterprises (i.e., IFRS Accounting Standards).

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Other comments regarding use of the *IFRS for SMEs* Accounting Standard?

Adoption of the *IFRS for SMEs* Standard has been considered but rejected. Constituents in the private enterprise sector in Canada preferred made-in-Canada standards tailored to their needs.