IFRS Accounting
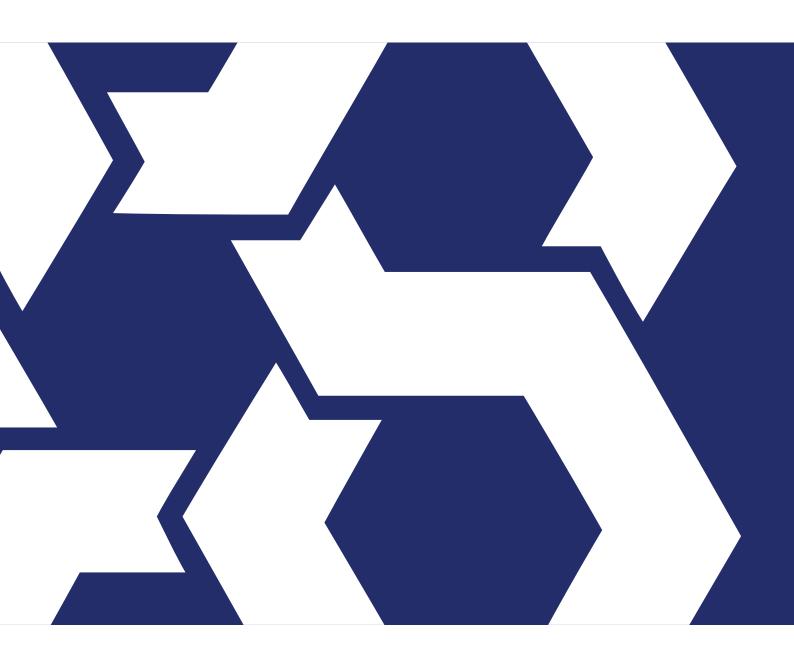
March 2023

IFRS® Taxonomy Update

IFRS® Accounting Taxonomy 2022—Update 2

Lease Liability in a Sale and Leaseback and Non-current Liabilities with Covenants

IFRS® Foundation

IFRS® Accounting Taxonomy 2022

Update 2

Lease Liability in a Sale and Leaseback and *Non-current Liabilities with Covenants*

IFRS® Accounting Taxonomy 2022—Update 2 *Lease Liability in a Sale and Leaseback* and *Non-current Liabilities with Covenants* is published by the International Accounting Standards Board (IASB).

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Contents

Introduction

Why has the IASB made changes to the IFRS® Accounting Taxonomy?

The International Accounting Standards Board (IASB) made changes to the IFRS Accounting Taxonomy to reflect disclosure requirements arising from:

(a)   *Lease Liability in a Sale and Leaseback*, which amended IFRS 16 *Leases* and was issued in September 2022; and

(b)   *Non-current Liabilities with Covenants*, which amended IAS 1 *Presentation of Financial Statements* and was issued in October 2022.

Lease Liability in a Sale and Leaseback

The IASB issued *Lease Liability in a Sale and Leaseback*, a narrow-scope amendment to IFRS 16, in September 2022. This amendment adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale.

If an entity (a seller-lessee) applies the amendments arising from *Lease Liability in a Sale and Leaseback* for an earlier period, the entity shall disclose that fact. The IASB reflected this disclosure requirement in the IFRS Accounting Taxonomy using the established Taxonomy practice for reflecting the disclosure of the fact of early application of new Standards and amendments (paragraphs 1–3).

Non-current Liabilities with Covenants

The IASB issued *Non-current Liabilities with Covenants*, a narrow-scope amendment to IAS 1, in October 2022. This amendment aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current.

When an entity classifies liabilities arising from loan arrangements as non-current and the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period, the entity is required to disclose information in the notes that enables users of financial statements to understand the risk that the liability could become repayable within twelve months after the reporting period.

Non-current Liabilities with Covenants also:

(a)   amends some of the requirements introduced by *Classification of Liabilities as Current or Non-current* (2020 amendments), which amended IAS 1; and

(b)   defers the effective date of the 2020 amendments to annual reporting periods beginning on or after 1 January 2024 so it coincides with the effective date of *Non-current Liabilities with Covenants*.

To reflect the disclosure requirements arising from *Non-current Liabilities with Covenants* in the IFRS Accounting Taxonomy, the IASB:

(a) added a table with two line items to reflect the disclosure requirements in paragraph 76ZA of IAS 1 for non-current liabilities arising from loan arrangements when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period (paragraphs 5–8);

(b) added one element and one reference to reflect the disclosure of the fact of early application of *Non-current Liabilities with Covenants* (paragraphs 9–10); and

(c) changed the expiry date of references for two elements to reflect the deferral of the effective date of the 2020 amendments (paragraphs 11–12).

Reading this Update

This document uses taxonomy-specific terminology. For more information, please refer to the *Guide to Understanding the IFRS Taxonomy Update* and *Using the IFRS Taxonomy — A preparer's guide*.[1] Appendix A briefly explains IFRS Accounting Taxonomy terms used in this document.

In this IFRS Taxonomy Update, changes to IFRS Accounting Taxonomy elements are shown in tables. New elements are shaded in green. Amended element labels or references are underlined to show added text and struck through to show deleted text. Existing elements provided for context only (with no changes) use grey text.

Indents are used to show a taxonomy presentation (or calculation) parent–child relationship between IFRS Accounting Taxonomy elements.

In this document, the element label shown is the standard label, unless otherwise indicated.[2]

Documentation labels

The IFRS Accounting Taxonomy includes documentation labels for elements to describe, in text, the accounting meaning of each element.

Documentation labels for new elements are included in Appendix B to this document. Documentation labels are also available as a separate linkbase in the IFRS Accounting Taxonomy files and the *IFRS Taxonomy Illustrated* in Microsoft Excel.

IFRS Accounting Taxonomy files

The changes resulting from this Update have been included in the *IFRS Accounting Taxonomy 2023*.

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1 The *Guide to Understanding the IFRS Taxonomy Update* and *Using the IFRS Taxonomy — A preparer's guide* are available on the IFRS Foundation's website.

2 For more information on element labels, see Appendix A to this Update and the 'Element labels' section in *Using the IFRS Taxonomy — A preparer's guide*.

Effective date

All the amendments apply to annual reporting periods beginning on or after 1 January 2024. Therefore, new elements and new documentation labels will have an effective date of 1 January 2024 in the IFRS Accounting Taxonomy files.

Earlier application of the amendments is permitted, and when an entity applies the amendments early, it shall use the related IFRS Accounting Taxonomy elements at the same time.

This document uses several abbreviations. 'ET' refers to element type and 'ER' to element reference type. Element type 'M' refers to monetary, 'T' to text and 'TB' to text block. Reference type 'D' refers to disclosure. A short code appended to labels is used to refer to axes and members: '(A)' refers to an axis, '(M)' refers to a member, and '(DM)' refers to the default member of the axis.

Changes to the IFRS Accounting Taxonomy to reflect amendments arising from *Lease Liability in a Sale and Leaseback*

Disclosure of the fact of early application

1   *Lease Liability in a Sale and Leaseback* shall be applied for annual reporting periods beginning on or after 1 January 2024.

2   Early application of the amendments is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact (paragraph C1D of IFRS 16 as introduced in September 2022). The IASB has an established Taxonomy practice for modelling the disclosure of the fact of early application of new Standards and amendments. This Taxonomy modelling allows an entity to combine the line item 'Description of fact that new or amended IFRS Standard is applied early' and the related member in the axis 'Initially applied IFRSs' to tag the disclosure of the fact of early application of a new Standard or amendment.

3   The IASB therefore added the reference to paragraph C1D of IFRS 16 to the line item 'Description of fact that new or amended IFRS Standard is applied early' and added a member to the 'Initially applied IFRSs' axis in the table 'Disclosure of initial application of standards or interpretations' in the presentation group '[811000] Notes - Accounting policies, changes in accounting estimates and errors'.[3]

Element label	ET	ER	Reference
Description of transitional provisions of initially applied IFRS that might have effect on future periods	T	D	IAS 8.28(e)
Description of fact that new or amended IFRS Standard is applied early	T	D	**IFRS 16.C1D**

Axis and members

Element label		ER	Reference
Initially applied IFRSs (A)		D	IAS 8.28
Initially applied IFRSs (DM)		D	IAS 8.28

continued...

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3   For simplicity, this table shows only the references added because of the amendments. No other references will be changed by these proposals.

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Element label	ER	Reference
Interest Rate Benchmark Reform-Phase 2 (M)	D	IAS 39.108H, IFRS 16.C1B, IFRS 4.50, IFRS 9.7.1.10
IFRS 17 (M)	D	IFRS 17.C1, IFRS 17.C3
...		
Lease Liability in a Sale and Leaseback (M)	D	IFRS 16.C1D

Changes to the IFRS Accounting Taxonomy to reflect amendments arising from *Non-current Liabilities with Covenants*

4   To reflect the disclosure requirements arising from *Non-current Liabilities with Covenants* in the IFRS Accounting Taxonomy, the IASB:

(a)   added a table with two line items to reflect the disclosure requirements in paragraph 76ZA of IAS 1 for non-current liabilities arising from loan arrangements when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period (paragraphs 5–8);

(b)   added one element and one reference to reflect the disclosure of the fact of early application of *Non-current Liabilities with Covenants* (paragraphs 9–10); and

(c)   changed the expiry date of references for two elements to reflect the deferral of the effective date of the 2020 amendments (paragraphs 11–12).

Disclosure of information regarding the risk that the liability could become repayable within twelve months after the reporting period

5   *Non-current Liabilities with Covenants* amended IAS 1 to introduce paragraph 76ZA:

> *Right to defer settlement for at least twelve months (paragraph 69(d))*
>
> ...
>
> 76ZA   In applying paragraphs 69–75, an entity might classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period (see paragraph 72B(b)). In such situations, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, including:
>
> > (a)   information about the covenants (including the nature of the covenants and when the entity is required to comply with them) and the carrying amount of related liabilities.
> >
> > (b)   facts and circumstances, if any, that indicate the entity may have difficulty complying with the covenants—for example, the entity having acted during or after the reporting period to avoid or mitigate a potential breach. Such facts and circumstances could also include the fact that the entity would not have complied with the covenants if they were to be assessed for compliance based on the entity's circumstances at the end of the reporting period.

6   The IASB used dimensional modelling to reflect, within the IFRS Accounting Taxonomy, the disclosure requirements in paragraph 76ZA of IAS 1 (paragraph 7).[4] This approach would work for entities that disclose information about multiple non-current liabilities with covenants separately and for entities that disclose this information in aggregate.

7   To reflect the disclosure requirements in paragraph 76ZA of IAS 1, the IASB:

   (a)   created one text block element for tagging the whole disclosure of non-current liabilities with covenants. It is typical Taxonomy practice to create a top-level text block element that contains the table elements, including the axis, member and line item elements. All entities reporting non-current liabilities with covenants within the scope of paragraph 76ZA of IAS 1 would tag the whole disclosure using this top-level text block element.

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4   Dimensions define unique characteristics about line item elements by using axes and member elements attached to the axes. 'Axes' are elements used to represent characteristics of line items, for example, the characteristic of being a non-current liability with covenants, and 'members' are elements that share a common accounting or economic meaning identified by that axis, for example, each separately disclosed non-current liability with covenants.

Table text block

Element label	ET	ER	Reference
Disclosure of information about non-current liabilities with covenants	TB	D	IAS 1.76ZA

(b)   created a new axis to represent each disclosed non-current liability with covenants or group of non-current liabilities with covenants, which would allow the disclosed information to be captured in a structured digital format. An entity reporting multiple non-current liabilities with covenants would create extension members for each liability or group of separately disclosed liabilities. The entity would then combine each extension member, representing separately disclosed non-current liabilities or groups of liabilities, with the new line items (paragraph 7(c)–(d)) to tag the disclosure requirements in paragraph 76ZA. Where aggregate information for all non-current liabilities with covenants is disclosed, the new line items would simply be used without this axis.

Axis and members

Element label	ER	Reference
Types of non-current liabilities with covenants (A)	D	IAS 1.76ZA
Types of non-current liabilities with covenants (DM)	D	IAS 1.76ZA

(c)   created one text block element to reflect the narrative disclosure requirements in paragraphs 76ZA(a)–(b). Preparers who address both narrative disclosure requirements together in their text may find a single element more useful than separate elements. Additionally, users are expected to need the information required by both paragraphs to understand the risk that the liability could become repayable within twelve months after the reporting period, making a single element more useful.

(d)   created a separate monetary element for the requirement in paragraph 76ZA(a) to disclose the carrying amount of the non-current liabilities with covenants, which is consistent with typical Taxonomy practice for monetary disclosure requirements.

Line items

Element label	ET	ER	Reference
Disclosure of information about covenants related to non-current liabilities including facts and circumstances indicating entity may have difficulty complying with covenants	TB	D	IAS 1.76ZA(a) IAS 1.76ZA(b)
Carrying amount of non-current liabilities with covenants	M	D	IAS 1.76ZA(a)

8 To make the new elements more accessible, the IASB included the new elements arising from the disclosure requirements in paragraph 76ZA of IAS 1 in two presentation groups:

(a) '[810000] Notes - Corporate information and statement of IFRS compliance', which groups the elements with the Standard to which they relate; and

(b) '[822390] Notes - Financial instruments' because information from these disclosure requirements may be included with disclosures on financial liabilities, making the elements intuitively easier to locate within the Taxonomy.

Disclosure of the fact of early application

9 *Non-current Liabilities with Covenants* shall be applied for annual reporting periods beginning on or after 1 January 2024, except for the requirement in paragraph 139W(a), the application of which is required upon the issue of *Non-current Liabilities with Covenants*. Early application of the amendments is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact (paragraph 139W of IAS 1).

10 Consistent with the established Taxonomy modelling practice (paragraph 2), the IASB added a reference to paragraph 139W of IAS 1 to the line item 'Description of fact that new or amended IFRS Standard is applied early'. The IASB also added a member to the 'Initially applied IFRSs' axis in the table 'Disclosure of initial application of standards or interpretations' in the presentation group '[811000] Notes - Accounting policies, changes in accounting estimates and errors'.[5]

Element label	ET	ER	Reference
Description of transitional provisions of initially applied IFRS that might have effect on future periods	T	D	IAS 8.28(e)
Description of fact that new or amended IFRS Standard is applied early	T	D	**IAS 1.139W**

Axis and members

Element label	ER	Reference
Initially applied IFRSs (A)	D	IAS 8.28
Initially applied IFRSs (DM)	D	IAS 8.28
Interest Rate Benchmark Reform-Phase 2 (M)	D	IAS 39.108H, IFRS 16.C1B, IFRS 4.50, IFRS 9.7.1.10

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5 For simplicity, this table shows only the references added because of the amendments. No other references will be changed by these proposals.

...continued

Element label	ER	Reference
IFRS 17 (M)	D	IFRS 17.C1, IFRS 17.C3
...		
Non-current Liabilities with Covenants (M)	D	IAS 1.139W

Changes to expiry dates of references

11   *Non-current Liabilities with Covenants* deferred the effective date of the 2020 amendments to coincide with the effective date of *Non-current Liabilities with Covenants*. Elements that tag the disclosure of the fact of early application of a new or amended Standard are typically made only in the reporting period when a new or amended Standard is applied early and, thereafter, to identify that period as a comparative reporting period. Elements that relate to the disclosure of the fact of early application are deprecated after two years of the new or amended Standard being in effect.

12   Accordingly, the IASB updated the expiry date of the reference to IAS 1.139U from '01-01-2025' to '01-01-2026', for the elements:

(a)   'Classification of Liabilities as Current or Non-current [member]'; and

(b)   'Description of fact that new or amended IFRS Standard is applied early'.

Approval by the IASB of IFRS Taxonomy Update 2 published in March 2023

IFRS Taxonomy Update 2022—*Lease Liability in a Sale and Leaseback* and *Non-current Liabilities with Covenants* was approved for publication by 11 of the 12 members of the International Accounting Standards Board. Mr Uhl abstained from voting in view of his recent appointment to the IASB.

Andreas Barckow	Chair
Linda Mezon-Hutter	Vice-Chair
Nick Anderson	
Patrina Buchanan	
Tadeu Cendon	
Zach Gast	
Jianqiao Lu	
Bruce Mackenzie	
Bertrand Perrin	
Rika Suzuki	
Ann Tarca	
Robert Uhl	

Appendix A—IFRS® Accounting Taxonomy content terminology

This appendix briefly explains the IFRS Accounting Taxonomy terms used in this document.

Core content—IFRS Accounting Taxonomy elements

The IFRS Accounting Taxonomy contains elements that represent disclosures in financial statements prepared in accordance with IFRS Accounting Standards.

These elements are described using:

- **line items**—which represent the accounting concepts being reported. They can be either numerical, for example, 'Assets', 'Property, plant and equipment'; or narrative, reflecting the figures and narrative reported, for example, 'Description of accounting policy for government grants'.

- **axes** and **members**—information categories and components that accounting concepts can be broken down into or reported by, for example, 'Classes of property, plant and equipment'. Axes in the IFRS Accounting Taxonomy have a default member that applies whenever a preparer does not combine a line item with a specific member to tag the value of a disclosure.

- **tables**—logical groupings of IFRS Accounting Taxonomy axes, members and line items.

These IFRS Accounting Taxonomy **elements** have:

- **element names** and **element identifiers**—unique computer tags used to identify and mark up the data.

- **element standard labels**—human-readable names reflecting the accounting meaning of an element. Some elements have additional labels that provide more specific descriptions to show a total (total label), for example, or to distinguish between opening and closing balances (period start and end labels). Such additional labels do not alter the accounting meaning of the element but are used for displaying IFRS Accounting Taxonomy presentation relationships.

- **element types (ET)**—categories of permitted data values, for example, text (T), text block (TB), monetary (M), decimal (DEC), percentage (PER) and duration (DUR).

  - **text element** types are used for narrative disclosures. They are also used when IFRS Accounting Standards do not specify the details of a disclosure requirement, but a preparer is expected to express that disclosure requirement in a free-text format.

  - **text block element** types are used for a set of information that may include, for example, numerical disclosures, narrative explanations and tables.

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Core content—IFRS Accounting Taxonomy elements

	• **element properties**, such as:
	
	    • the **period**—which indicates whether the element is expected to be reported for a period of time (duration) or at a particular point in time (instant); and
	
	    • the **balance**—which indicates whether the element is generally expected to be reported as a credit or a debit.

Supporting content—Documentation and references for IFRS Accounting Taxonomy elements	
The IFRS Accounting Taxonomy provides supporting content explaining the **accounting meaning** of an element.	This content includes: • **references**—which link an element to the authoritative literature, for example, IFRS 15 *Revenue from Contracts with Customers*. • **element reference types (ER)**—which define the source of an element, for example, disclosure (D), example (E) and common practice (CP). • **documentation labels**—which provide a textual definition of each element. The sources of these definitions are the IFRS Accounting Standards and their accompanying materials, when available. • **guidance labels**—which are implementation notes that help preparers to correctly use IFRS Accounting Taxonomy elements in an electronic report.

Supporting content—Relationships between IFRS Accounting Taxonomy elements (linkbases)	
The IFRS Accounting Taxonomy calculation linkbase explains how **elements** may relate **mathematically** to each other.	For example, this content includes: • **summations** of elements to a total or subtotal; and • **formulas** to show that an element is a ratio of other taxonomy elements.
The IFRS Accounting Taxonomy uses the presentation linkbase to provide **presentation views** under which the line items, axes and members (or a combination of these elements as tables) have been grouped. These presentation views enable **human-readable** viewing and navigation of the IFRS Accounting Taxonomy.	The IFRS Accounting Taxonomy has specific **presentation** elements: • **headings** (abstract elements); and • **presentation groups**. These elements are not used when tagging financial statements. These headings and presentation groups also have standard **labels**.
The IFRS Accounting Taxonomy uses the definition linkbase to provide **views** under which the combined line items, axes and members (**tables**) have been grouped. These views enable the **computer-readable** use of the IFRS Accounting Taxonomy.	For example, the content includes: • a **definition** for each table; and • a **default member** for each axis.

Appendix B—Documentation labels for new elements

This appendix shows the documentation labels for the new IFRS Accounting Taxonomy elements.

Lease Liability in a Sale and Leaseback

Disclosure of the fact of early application (paragraphs 1–3)

Element label	Documentation label	ER	Reference
Lease Liability in a Sale and Leaseback (M)	This member stands for *Lease Liability in a Sale and Leaseback* (Amendments to IFRS 16) issued in September 2022.	D	IFRS 16.C1D

Non-current Liabilities with Covenants

Disclosure of information regarding the risk that the liability could become repayable within twelve months after the reporting period (paragraphs 5–8)

Element label	Documentation label	ER	Reference
Disclosure of information about non-current liabilities with covenants	The disclosure of information that enables users of financial statements to understand the risk that liabilities with covenants classified as non-current could become repayable within twelve months after the reporting period.	D	IAS 1.76ZA
Types of non-current liabilities with covenants (A)	The axis of a table defines the relationship between the members in the table and the line items or concepts that complete the table. This axis shall be used to represent separately disclosed non-current liabilities or groups of non-current liabilities with covenants in the scope of IAS 1.76ZA.	D	IAS 1.76ZA
Types of non-current liabilities with covenants (DM)	This member stands for the total non-current liabilities with covenants for which the entity's right to defer settlement is subject to the entity complying with covenants within twelve months after the reporting period. It also represents the standard value for the 'Types of non-current liabilities with covenants' axis if no other member is used.	D	IAS 1.76ZA

...continued

Element label	Documentation label	ER	Reference
Disclosure of information about covenants related to non-current liabilities including facts and circumstances indicating entity may have difficulty complying with covenants	The disclosure of information about the covenants on a non-current liability with which the entity is required to comply within twelve months after the reporting period. This information could include the nature of the covenants, when the entity is required to comply with those covenants and facts and circumstances that show the entity may have difficulty complying with the covenants related to a non-current liability—for example, the entity having acted during or after the reporting period to avoid or mitigate a potential breach.	D	IAS 1.76ZA(a) IAS 1.76ZA(b)
Carrying amount of non-current liabilities with covenants	The carrying amount of a non-current liability with covenants arising from a loan arrangement for which the entity's right to defer settlement is subject to the entity complying with covenants within twelve months after the reporting period.	D	IAS 1.76ZA(a)

Disclosure of the fact of early application (paragraphs 9–10)

Element label	Documentation label	ER	Reference
Non-current Liabilities with Covenants (M)	This member stands for *Non-current Liabilities with Covenants* (Amendments to IAS 1) issued in October 2022.	D	IAS 1.139W