

IAS 19 *Employee Benefits* (May 2007)

Curtailments and negative past service costs

The IFRIC was asked whether plan amendments that reduce benefits should be accounted for as curtailments or as negative past service costs. The submission noted that materially divergent practice could result because of the different recognition requirements for curtailments and negative past service cost.

The IFRIC noted that the Basis for Conclusions on IAS 19 indicates that IASC was aware of the ambiguity in distinguishing between negative past service costs and curtailments, but decided that the issue arose too rarely to justify the complexity that a more detailed requirement would produce. However, since the issue was becoming more prevalent and divergent practices were developing, the IFRIC believed that the issue should be addressed.

The IFRIC observed that there would be limited benefit in taking this issue on to its agenda because the Board was currently engaged in a post-employment benefits project. The IFRIC therefore decided not to take the issue on to its agenda, but to refer it to the Board for consideration.