

IFRS 2 *Share-based Payment* (March 2011)

Share-based payment awards settled net of tax withholdings

The Interpretations Committee received a request to consider the classification of a share based payment transaction in which the entity withholds a specified portion of the shares that would otherwise be issued to the counterparty upon exercise (or vesting) of the share-based payment award. The shares are withheld by the entity in return for settling the counterparty's tax withholding obligation associated with the share-based payment. The request received by the Committee asked whether the portion of the share-based payment that is withheld should be classified as cash-settled or equity settled.

The Committee identified a number of issues arising from the submission for which the application of the requirements of IFRS 2 caused concern, such as separately classifying components of a single award.

The Committee decided not to add the issue to its agenda because addressing these concerns would require an amendment to IFRS 2. Instead, the Committee decided to recommend to the Board that this issue should be included in a future agenda proposal for IFRS 2.