



**International
Accounting Standards
Board**

30 Cannon Street, London EC4M 6XH, United Kingdom
Phone: +44 (0)20 7246 6410 Fax: +44 (0)20 7246 6411
Email: iasb@iasb.org Website: <http://www.iasb.org>

This document is provided as a convenience to observers at IASB meetings, to assist them in following the Board's discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.

These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers. However, because these notes are less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

IASB Meeting: 18 September 2008, London (Agenda Paper 12C)
Project: IFRS 2: Category C Issues

Introduction

1. This paper sets out a summary of the Category C IFRS 2 issues that have arisen. These are the issues that constituents have asked the IASB to consider in relation to greater convergence between IFRS and US GAAP.

Staff Recommendation

2. The staff does not recommend that the Board adds a project to its agenda to investigate these issues at this time.
3. Anecdotal evidence based on the professional experience of auditors, preparers and benefit consultants indicate that the three largest areas of difference are currently due to:
 - The difference in scope
 - The difference in liability and equity classification
 - The difference in the tax treatment

IFRS 2: Share-based Payment

4. The scope of IFRS 2 is wider than the scope of FAS 123R. In particular, FAS 123R does not include transactions with non-employees and makes specific exceptions for certain types of share-based payments. The other two issues that are expected to be the most significant are current the subject of joint Board projects on liability and equity and income tax.
5. Both Boards decided previously that no further work would be undertaken on either standard until the projects on liabilities and equity and taxes are completed. The FASB subsequently reiterated that decision when it decided to defer adding a project to its agenda concerning the classification of certain share-based payments even though there was consensus about how the instrument in question should be classified.
6. The staff recommends that the Board reconsiders whether it wishes to add a project to its agenda to review IFRS 2 after the projects on liability and equity and tax convergence have been completed.
7. [Paragraph removed from the Observer Notes].
8. [Paragraph removed from the Observer Notes].