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Project	<b>Agenda decisions</b>
Topic	<b>IAS 38 – Compliance costs for REACH</b>

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## Background

1. The IFRIC received a request to add an issue to its agenda to provide guidance on the treatment of costs incurred to comply with the requirements of the European Regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). At the May meeting the IFRIC tentatively decided not to add the issues to its agenda and published the decision for comment in *IFRIC Update*.
2. One comment letter was received supporting the tentative decision and its reasons.

### Recommendation and question for the IFRIC

The staff recommends that the IFRIC finalise the agenda decision as published. Wording is included in the Appendix.

Does the IFRIC agree?

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This paper has been prepared by the technical staff of the IASCF for discussion at a public meeting of the IFRIC.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IFRIC or the IASB. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRIC or the IASB can make such a determination.

Decisions made by the IFRIC are reported in *IFRIC Update*.

Interpretations are published only after the IFRIC and the Board have each completed their full due process, including appropriate public consultation and formal voting procedures. The approval of an Interpretation by the Board is reported in *IASB Update*.

## Appendix A – proposed wording for the agenda decision

- A1. The staff proposes the following wording as published in *IFRIC Update* for the final agenda decision:

The IFRIC received a request to add an item to its agenda to provide guidance on the treatment of costs incurred to comply with the requirements of the European Regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). The Regulation came into force in part on 1 June 2007 and companies have begun to account for the first costs incurred to comply.

At its meetings in March and May 2009 the IFRIC considered detailed background information, an analysis of the issue, current practice and an assessment of the issue against its agenda criteria. The IFRIC noted that IAS 38 includes definitions and recognition criteria for intangible assets that provide guidance to enable entities to account for the costs of complying with the REACH regulation.

The IFRIC concluded that any guidance it could develop beyond that already given would be more in the nature of implementation guidance than an interpretation. For these reasons, the IFRIC decided not to add the issue to its agenda.