Project	**Agenda Decisions**
Topic	**IFRS 2 Share-based payment—Share-based payment awards settled net of tax withholdings**

Objective of the paper

1. At the November 2010 meeting, the Committee asked the staff to prepare some illustrative examples on the classification of a share-based payment transaction in which the entity withholds a specified portion of the shares for purposes of meeting the statutory income tax withholding requirements. This paper contains such an example. Paper 7A contains a variation of this example, that reflects circumstances that differ from the main assumptions of the original submission that the Committee received, and is provided for the convenience of Committee members so that they can contrast the answers from two different fact patterns.

2. The aim of this paper is to help answer the questions that Committee members have raised on this issue and to reach consensus on the appropriate 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 for purposes of meeting the statutory income tax withholding requirements. The shares are withheld by the entity in return for settling, on behalf of the counterparty, the counterparty's tax obligation associated with the share-based payment (i.e., a tax withholding obligation).

3. 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.

4. This paper:

   (a) provides background information on this issue, based on the discussions held at the Committee's September 2010 and November 2010 meetings;

   (b) provides an analysis of the staff's illustrative example under IFRS 2, *Share-based Payment*;

   (c) asks the Committee to give their views on how to proceed with this issue; and

   (d) proposes a final agenda decision and asks Committee members to approve it.

Background

5. In March 2010, the staff received a request to add to the Committee's agenda a project to clarify whether the portion of a share-based payment transaction withheld by an entity for the purpose of satisfying the counterparty's tax obligation and remitting such payments to the taxing authority on behalf of the counterparty in satisfaction of the counterparty's tax liability should be classified as a cash-settled or equity-settled award. Specifically, the example that was included in the agenda request is a share-based payment transaction in which:

   (a) the entity is required (by tax authority requirements) to:

      (i) withhold from an employee's compensation an amount to satisfy the employee's tax liability incurred as a result of the share-based payment transaction, and

      (ii) pay to the tax authority in cash the amount withheld from the employee's compensation.

(b) The employee will receive shares net of the number of shares needed to equal the monetary value of the employee's tax liability (that will be satisfied by the entity in (a)(ii) above) rather than the gross number of shares of the share-based payment award.

6. That is, the relevant feature of the share-based payment transaction being analysed is the net settlement provision for the purpose of satisfying withholding tax requirements.

7. In September 2010, the Committee published a tentative agenda decision in the IFRIC Update that states [emphasis added]:

> The 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. Under US GAAP, such arrangements do not require liability classification for any portion of the share-based payment award.
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> The Committee noted that the definitions in Appendix A Defined terms of IFRS 2 of 'cash-settled share-based payment transaction' and 'equity-settled share-based payment transaction' provide that an award is classified as cash-settled if the entity incurs a liability to transfer cash or other assets as a result of acquiring goods or services. In the circumstances considered by the Committee, **cash is transferred to the tax authority, in settlement of the counterparty's tax obligation, in respect of the shares withheld**.
>
> The Committee noted that IFRS 2 **provides sufficient guidance to address this issue and that it does not expect diversity in practice.** Consequently, the Committee [decided] not to add the issue to its agenda. Additionally, the Committee recommended that the issue should be reconsidered by the Board as part of its post-implementation review of IFRS 2 to determine if the introduction of an exception in IFRS 2, to permit equity-settled classification of the portion of the share-based payment withheld, would be appropriate.

8. At the November 2010 meeting, the Committee considered the six comment letters received on the September 2010 tentative agenda decision. Respondents noted that:

(a) the reference to US GAAP in the agenda decision is inappropriate for the purpose of interpretation of IFRSs

(b) the Committee should make clear whether it also considered a share-based payment transaction with 'broker-assisted cashless exercise' or just a 'net settlement for tax withholding requirements', by specifying that the entity has paid cash from its own cash resources;

(c) it is not clear to constituents that a portion of the transaction is a cash-settled share-based payment transaction based on the definition for such transactions in IFRS 2 (Appendix A—Defined terms). This is because the definition in IFRS 2 refers to payments between the employer and the counterparty instead of payments required by a third party, such as tax authorities;

(d) the net-settlement mechanisms that facilitate the settlement of the counterparty's tax obligation should be seen to constitute an agency agreement rather than the entity being viewed as the principal obligor to the tax authorities, and thus the transaction should be viewed as the payment of compensation to the counterparty entirely in equity instruments with a separate, yet simultaneous, repurchase of a portion of those equity instruments to which paragraph 29[1] of IFRS 2 applies; and

(e) there are diverse views in practice on the issue; in contrast to the Committee's expectation;

9. In respect to the concerns raised in a) and b) above, the staff recommended to the Committee to:

(a) remove the reference to US GAAP in the wording of the agenda decision (issue a) above); and

[1] Paragraph 29 of IFRS 2 states:

> If an entity repurchases vested equity instruments, the payment made to the employee shall be accounted for as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments repurchased, measured at the repurchase date. Any such excess shall be recognised as an expense.

(b) specify that the entity has paid cash from its own cash resources (issue b) above) .

10. In paragraphs 7 and 10–18 of Agenda Paper 5 from November 2010, the staff analysed the other reasons for disagreement that the respondents had raised (refer to the concerns raised in c) through e) above) and proposed not to make further changes to the tentative agenda decision. In this paper, the staff has incorporated some of that staff's reasoning included in the November 2010 agenda paper, to address the respondent's concerns and support the staff's conclusions.

11. The following section includes an illustrative example applicable to this issue.

Illustrative example

12. The staff have developed the following example (shown in the following page). for discussion by the Committee.

13. Consider the following fact pattern:

> On 1 January 20X0 **Entity D grants 100 share options** to one of its employees subject to a three-year service condition. Entity D estimates that the employee will complete his service period.
>
> At grant date, the fair value of each share is CU 3 and the fair value of one option is CU 2. Subsequent to vesting, the share options will be exercisable at any date until 31 December 20X3 at an exercise price of CU 3. At the end of the vesting period, the options vested and the employee exercised the options. The fair value of one share at exercise date is CU 20, thus the intrinsic value (ie the difference between the share price and the exercise price) per option at that date is CU 17 (CU 20 – CU 3).
>
> The **employee has the legal obligation to pay 40% income tax** on employee awards when exercised. The calculation of the tax obligation is based on the intrinsic value of the option at the exercise date, so the tax obligation for the 100 options exercised is CU 680 (CU17 x 40% x 100).
>
> **Entity D is obliged by tax law to withhold from the employee's taxable compensation for the period the tax** obligation imposed on the employee and immediately **remit to the tax authority, in cash, the amount of the tax obligation**. Therefore, **Entity D has elected, through the provisions of the share-based payment award, to withhold 34 shares from being issued and remit this amount in cash to settle the tax obligation** (34 shares=CU 680/CU 20).
>
> Under the terms of the share-based payment arrangement between Entity D and the employee, **Entity D will settle the transaction net by receiving CU 300 from the employee for the exercise price, issuing 66 shares to the employee and remitting CU 680 to the tax authority on behalf of the employee**.
>
> **Entity D will pay the amount of the employee's tax obligation from its own cash resources.**
>
> How should Entity D classify this transaction in accordance with IFRS 2 *Share-based Payment*?

Staff analysis of the fact pattern

Transactions identified

14. The staff has identified the following transactions from Entity D's perspective:

(a) Entity D receives identifiable services from the employee and grants the employee a share-based payment award (in the form of share options), that is conditional on the employee providing future services;

(b) after the share options have vested, the employee exercises the awards and Entity D satisfies its obligations under the share-based award by issuing both shares and cash;

(c) Entity D will determine the allocation of the issue of shares and cash (on behalf of the employee) based on the statutory tax rates applicable to the employee (Entity D will not issue shares related to the cash component);

(d) Entity D receives from the employee the exercise price for all options, including for those shares that will be settled in cash in order to fund the employee's tax obligation; and

(e) Entity D pays on the employee's behalf to the tax authority cash to satisfy the employee's tax obligation. The cash used is Entity D's own cash resources since the additional shares (34 in the example above) are not sold into the market on the employee's behalf.

Principal and agent analysis

15. In the staff's view, Entity D acts as:

(a) a *principal* in fulfilling its obligation to pay for services received from the employee. It discharges its obligation in two parts. The total of these two parts represents the cost to Entity D of services received from the employee as follows:

(i) issuance and delivery of 66 shares to the employee; and

(ii) payment of cash from its own cash resources of CU 680.

(b) an *agent* in remitting the cash portion of the cost of the employee's services to the tax authority to settle the employee's tax obligation. Although the obligation of the entity is to pay cash to the tax authority rather than the employee doing so, the staff understand that the tax obligation remains that of the employee.

Price-risk analysis

16. There are some who think that the classification of a share-based payment should be determined upon who bears the price risk associated with the shares.

17. For instance, one could think that if Entity D uses its own cash resources to settle the cash-settled portion of the share-based payment, then it might be subject to price risk fluctuations in respect of the cash flow for the payment of tax. This is based on the fact that the amount of cash payable is determined in accordance with the intrinsic value of the option, and so it is linked to the fair value of the share (which might vary over time). It is also linked to the exercise price of each option, but this is fixed at grant date.

18. Consequently, if the share price increases, the amount of tax payable will increase and so a larger number of shares must be withheld (not withstanding the fact that each share withheld is worth more) and vice versa. That is, the amount of cash payable by Entity D from its own cash resources will vary as a function of the share price.

19. For example, if the fair value of the share changes from CU 20 to CU 24, then the number of shares that Entity D withholds will change, as follows:

    (a) the new intrinsic value will be CU 21 (CU 24 – CU 3);

    (b) the new tax payable would be CU 840: (CU 21 x 40% x 100);

    (c) the shares that would be withheld would be 35 shares (CU 840/CU 24). Thus the number of shares withheld and the amount of cash payable by the entity will increase.

Staff application of IFRS 2 to the fact pattern

Classification under IFRS 2

The focus in IFRS 2 is the manner of settlement

20. The staff note that the classification of share-based payments by IFRS 2 is driven by the manner of settlement and in circumstances where a share-based payment might be settled in cash or shares, that IFRS 2 adopts a components approach to the classification. Paragraph 34 of IFRS 2 explains that for share-

based payments with cash alternatives, the components of a share based-payment are classified according to the manner in which the entity is required to settle the transaction. Paragraph 34 of IFRS 2 states:

> **For share-based payment transactions in which the terms of the arrangement provide either the entity or the counterparty with the choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments, <u>the entity shall account for that transaction, or the components of that transaction, as a cash-settled share-based payment transaction if, and to the extent that, the entity has incurred a liability to settle in cash or other assets, or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred</u>.** (emphasis added)

21. Consequently, the staff thinks that the component of the share-based payment award that is settled by the issue of equity instruments is classified as equity-settled. The component of the share-based payment award that is settled in cash to satisfy the tax withholding requirements is separately identified as a cash-settled share-based-payment transaction.

Consistency with definitions in IFRS 2

22. Appendix A – *Defined terms* to IFRS 2 provides the following definitions for cash-settled and equity-settled share-based payment transactions:

> ***cash-settled share-based payment transaction***
>
> A share-based payment transaction in which the entity acquires goods or services by incurring a liability to transfer cash or other assets to the supplier of those goods or services for amounts that are based on the price (or value) of equity instruments (including shares or share options) of the entity or another group entity.
>
> ***equity-settled share-based payment transaction***
>
> A share-based payment transaction in which the entity:
> (a) receives goods or services as consideration for its own equity instruments (including shares or share options), or
> (b) receives goods or services but has no obligation to settle the transaction with the supplier.

23. Some respondents to the tentative agenda decision stated that in their view it is not clear that the transaction analysed is a cash-settled share-based payment, because the entity is not paying cash directly to the employee.

24. In the staff's view, although the obligation on the entity is to pay cash to the tax authority rather than to the employee, the staff understand that the tax obligation remains that of the employee and that the entity is settling the tax obligation on behalf of the employee. The staff think that applying the agent/principal analysis in paragraph 15 above, the withholding of shares and the payment of cash for the benefit of the employee is in substance a cash-settled share-based payment.

25. The staff then confirm its view that what matters in accordance with IFRS 2 is the manner of settlement that the counterparty is entitled to receive and not whether the cheque to make the payment is written directly to the employee or to a creditor of the employee in settlement of the employee's liability. The cash payment was made for the employee and in compensation for the employee's services.

Price risk analysis

26. The staff do not think that the fact pattern should be analysed in accordance with a price-risk approach (analysed in paragraphs 16–19 above) as the focus of IFRS 2 is the manner in which the transaction is settled (refer to the discussion in paragraphs 20 –21 above). In the staff's opinion, IFRS 2 does not apply a risk-based approach to classification.

Alternative views to the proposed classification

The entity has repurchased through net settlement in accordance with par. 29 of IFRS 2

27. One respondent to the September 2010 tentative agenda decision believes that, in substance, the entity has repurchased part of the vested equity-settled share-based payment award through net-settlement of the award, consistent with the guidance in paragraph 29 of IFRS 2.

28. In the staff's view paragraph 29 of IFRS 2 is intended to ensure that a share-based payment expense is recognised for amounts paid in excess of the fair value of shares repurchased when this forms part of the share-based payment transaction. This contrasts with the normal accounting practice for the purchase of own shares which would result in a debit to equity and not a charge to profit

or loss. The staff also notes that paragraph 29 does not address the classification of the share-based payment transaction, but only the accounting for the cash payment.

29. Further, the staff notes that paragraph 31 provides an example of a cash-settled share-based payment in which the entity grants to its employees rights to receive shares that are redeemable. The staff thinks this example is a closer description of the respondent's analysis of the substance of the transaction, and in the staff's opinion confirms that classification as cash-settled is appropriate. Paragraph 31 is reproduced below (emphasis added):

> For example, an entity might grant share appreciation rights to employees as part of their remuneration package, whereby the employees will become entitled to a future cash payment (rather than an equity instrument), based on the increase in the entity's share price from a specified level over a specified period of time. <u>Or an entity might grant to its employees a right to receive a future cash payment by granting to them a right to shares (including shares to be issued upon the exercise of share options) that are redeemable, either mandatorily (eg upon cessation of employment) or at the employee's option.</u>

The entire award should be accounted for as an equity-settled award

30. The staff has heard some views that classifying the award into equity-settled and cash-settled components would mask the true economics of the transaction. In their view a full equity treatment would best reflect the economic substance of the award.

31. The staff thinks that it would be inconsistent with IFRS 2 to conclude that the **entire** award should be classified as equity-settled when it is known that Entity D is obliged to withhold shares from the employee and issue a **net** number of shares and make a cash payment to the tax authority for the difference between the gross and net amounts. As a result of this arrangement, Entity D will use its own cash resources to settle part of the share-based payment.

32. The staff note that the entire transaction would be viewed as equity-settled if Entity D and the employee agree that Entity D:

    (a) will issue all related shares to (or for the benefit of) the employee in settlement of the entire compensation related to the share-based payment award; and

(b) will facilitate the sale of the shares into the market required to settle the tax obligation either by:

   (i) selling in the market the number of shares needed to settle the employee's tax obligation; or

   (ii) arranging with a third-party brokerage firm a separate contract to do so, and therefore doing so by transferring all the shares to the brokerage firm with the brokerage firm remitting the net number of shares to the employee after selling the remaining shares into the market and remitting the cash proceeds to the company.

33. In those cases, Entity D will issue **all** related shares to (or for the benefit of) the employee (and not just a reduced number). Consequently, Entity D will not be paying an amount of cash that varies according to the share price.

34. The staff would like the Committee to note, however, that the scenarios in paragraph 32 above do not reflect the main assumptions of the original submission that the Committee received, and so they should not be taken as an alternative view on how the issue might be solved under IFRS 2. Instead, these scenarios represent a viable option for Entity D to change how the share-based payment is settled and thus to achieve equity-settled classification for its entire share-based payment award.

Other issues

What if the number of net settled shares varies?

35. There have been some concerns raised about how to account for changes in the estimate number of the shares expected to be withheld. Such changes might arise because of changes in the estimate of the tax liability (eg a jurisdiction has a progressive tax rate system and the required withholding is not a fixed amount), or changes in the estimate number of options that will vest and be exercised. The changes in the estimated tax liability might also arise from changes in the estimated share price at exercise date and changes in the applicable withholding tax rate. The staff observes that these are issues relating

to subsequent measurement and not issues related to classification on initial recognition.

36. The staff does not think that the proposed classification of the withheld portion of the share-based payment as cash-settled will be affected. In the staff's view what would change only is the allocation of options between the equity-settled portion and the cash-settled portion. The example in paragraph 19, illustrates how the number of shares withheld changes whenever the fair value of the share is modified.

37. In addition the staff notes that paragraphs 36–40 in IFRS 2 provide guidance on how to account for the adjustment between the cash-settled and the equity-settled portion in a compound instrument. This guidance is given in the context of share-based payments where the counterparty has a choice of settlement. The IFRS requires that the entity:

(a) determine the fair values of each component at 'measurement date' (ie grant date);

(b) account for each component separately during the life of the award; and

(c) upon settlement of the award, make any required remeasurements or 'true-ups'. If the counterparty elects to receive the share, rather than the cash on exercise, the liability in respect of that option is transferred directly to equity, as the consideration for the equity instrument issued.

38. The staff thinks that the guidance given in paragraphs 36-40 of IFRS 2 could be used as the basis for the subsequent measurement of share-based payments subject to tax withholdings.

Staff recommendation

39. In conclusion the staff thinks that:

(a) consistent with the definitions of cash-settled share-based payment transaction included in Appendix A of IFRS 2 and the requirements of paragraph 34 of IFRS 2, the manner of settlement determines the classification of an award on a share-based payment transaction in accordance with IFRS 2. The staff thinks that IFRS 2 requires the components of a share-based payment to be classified as an equity-settled component and a cash-settled component.

(b) two actions of the entity are being fulfilled:

(i) The entity is fulfilling its obligation to pay for the services received from the counterparty. The entity is paying for the services in part by the issue of equity instruments and in part by paying cash for the benefit the employee. The entity is acting as a *principal* in this respect.

(ii) The entity is acting as *agent* on behalf of the counterparty in transferring cash component to the tax authority to satisfy the employee's tax obligation.

40. The staff believes that the existing guidance in IFRS 2 is sufficient to reach these conclusions. If the Committee thinks that IFRS 2 could be improved by the introduction of an exception, the staff recommends that the Committee proposed that the Board consider this issue in a future agenda proposal for IFRS 2. The staff does not believe that the introduction of an exception to IFRS 2 should be performed through either the interpretation process or annual improvements project.

Agenda criteria assessment for the Committee

41. The staff's assessment of the agenda criteria for addition to the Committee's Interpretation agenda is as follows:

(a) The issue is widespread and has practical relevance.

Yes. The staff notes that tax withholding is common in jurisdictions applying IFRSs.

(b) The issue indicates that there are significantly divergent interpretations (either emerging or already existing in practice). The Committee will not add an item to its agenda if IFRSs are clear, with the result that divergent interpretations are not expected in practice.

No. There is a prevalent view in practice that the tax withholding portion of a net settled share-based payment should be classified as cash-settled.

(c) *Financial reporting would be improved through elimination of the diverse reporting methods.*

n/a. There is a prevalent view in practice and the staff are not aware of current diversity in practice.

(d) *The issue can be resolved efficiently within the confines of existing IFRSs and the Framework, and the demands of the interpretation process.*

n/a. The issue may be self resolved within the confines of existing IFRS 2.

(e) *It is probable that the Committee will be able to reach a consensus on the issue on a timely basis.*

n/a. No formal interpretation is needed as far as current IFRS 2 is concerned.

(f) *If the issue relates to a current or planned IASB project, there is a pressing need to provide guidance sooner than would be expected from the IASB's activities. The Committee will not add an item to its agenda if an IASB project is expected to resolve the issue in a shorter period than the Committee requires to complete its due process.*

n/a. There is no current IASB project covering the issue.

Criteria assessment for Annual Improvements

42. The staff's assessment of the qualifying criteria for *Annual Improvements* is that there is no need for clarification or correction since there is a prevalent view formed within the confines of current IFRS 2 guidance in practice. Based on this conclusion, the staff does not consider it necessary to further analyse the rest of the qualifying criteria for Annual Improvements. However, for convenience of the Committee members the staff has included the complete qualifying criteria for Annual Improvements in **Appendix B** of this paper.

Proposed final agenda decision

43. The staff recommends that the agenda decision discussed at the November 2010 meeting be finalised, apart from a few editorial changes. The proposed final agenda decision is reproduced in Appendix A.

44. The questions for the Committee are presented in the following page.

Questions for the Committee
1. The staff's view is that no clarification is necessary in the definition of a cash-settled share based payment transaction, because the tax obligation remains that of the employee and that the entity is settling the tax obligation on behalf of the employee. The staff also think that when applying the agent/principal analysis (refer to paragraph 15 of this agenda paper), the withholding of shares and the payment of cash for the benefit of the employee is in substance a cash-settled share-based payment. Does the Committee agree with the views reached by the staff? 2. Does the Committee agree with the conclusion reached by the staff noting that IFRS 2 requires the components of a share-based payment to be classified according to the manner in which entity is required to settle the transaction? 3. The staff recommends that the Committee finalise the agenda decision (see Appendix A). Does the Committee agree?

Appendix A—proposed wording for agenda decision

A1. The staff propose the following wording for the final agenda decision (*new text is underlined and deleted text is struck through from the previous agenda decision presented at the November 2010 meeting*):

> The 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 noted that the definitions in Appendix A *Defined terms* of IFRS 2 of a 'cash-settled share-based payment transaction' and an 'equity-settled share-based payment transaction' provide that an award is classified as cash-settled if the entity incurs a liability to transfer cash or other assets as a result of acquiring goods or services. In the circumstances considered by the Committee, cash from the entity's own cash resources is transferred to the tax authority, for the benefit of the counterparty through ~~in~~ settlement of the counterparty's tax obligation~~, in respect of the shares withheld, rather than the entity transferring to the tax authority cash generated by the sale of the withheld shares on behalf of the counterparty~~. As specified in paragraph 34 of IFRS 2, this requires classification as a cash-settled share-based payment transaction for the component of the transaction that is settled in cash (or other assets).
>
> The Committee noted that IFRS 2 provides sufficient guidance to address this issue and that it does not expect diversity in practice. Consequently, the Committee decided not to add the issue to its agenda.

Appendix B—qualifying assessment criteria for *Annual Improvements*

65A In planning whether an issue should be addressed by amending IFRSs within the annual improvements project, the IASB assesses the issue against the following criteria. All criteria (a)–(d) must be met to qualify for inclusion in annual improvements.

(a) The proposed amendment has one or both of the following characteristics:

(i) clarifying—the proposed amendment would improve IFRSs by:

- clarifying unclear wording in existing IFRSs, or
- providing guidance where an absence of guidance is causing concern.

A clarifying amendment maintains consistency with the existing principles within the applicable IFRSs. It does not propose a new principle, or a change to an existing principle.

(ii) correcting—the proposed amendment would improve IFRSs by:

- resolving a conflict between existing requirements of IFRSs and providing a straightforward rationale for which existing requirement should be applied, or
- addressing an oversight or relatively minor unintended consequence of the existing requirements of IFRSs.

A correcting amendment does not propose a new principle or a change to an existing principle.

(b) The proposed amendment is well-defined and sufficiently narrow in scope such that the consequences of the proposed change have been considered.

(c) It is probable that the IASB will reach conclusion on the issue on a timely basis. Inability to reach a conclusion on a timely basis may indicate that the cause of the issue is more fundamental than can be resolved within annual improvements.

(d) If the proposed amendment would amend IFRSs that are the subject of a current or planned IASB project, there must be a need to make the amendment sooner than the project would.

65B The IASB assesses annual improvements against the criteria in paragraph 65A before they are published in an exposure draft and before they are issued as amendments to IFRSs.