

## Appendix A

### IAS 19 – Remeasurement at a plan amendment or curtailment - Unsolicited comment letter



## **Appendix A – Comments on recent tentative agenda decisions**

### ***IAS 19 – Remeasurement at a plan amendment or curtailment***

The IFRS IC agreed in its discussion that an entity should use the updated actuarial assumption to remeasure the net DBL and to calculate the current service cost and the net interest for the post-event period. First of all, we agree with IFRS IC's assessment, that the proposed change to IAS 19 is an amendment and not a clarification.

We disagree with the IFRS IC's opinion that this amendment would enhance comparability and understandability. Entities with a plan event report their net DBL, the current service cost, and the net interest based on assumptions valid at the date of the event while other entities still use assumptions valid at the beginning of the reporting period. There is no longer comparability between these entities. Therefore, we would encourage the IFRS IC to reconsider this issue in its further discussion.

In our opinion, the current service cost and net interest for the post-event period should only reflect the results of the plan amendment or curtailment (e.g. reduction in current service cost after a decrease of plan participants) and should not include updated assumptions valid at the event date. The plan amendment or curtailment is based on a decision of the entity and, therefore, the changes in current service cost and net interest are based on an entity's decisions. The new (post-event) current service cost and net interest reflect the result of the entity's action. In contrast, the changes in current service cost and net interest from updated assumptions are based on circumstances outside of the entity (mortality, business environment, etc.). This would result in including information, which is relevant for all entities, only in the current service cost and net interest of entities with a plan event while all other entities use other information. Thus, there is no longer comparability.