

STAFF PAPER

December 2021

IASB® meeting

Project	Second Comprehensive Review of the <i>IFRS for SMEs</i> ® Standard	
Paper topic	Towards an Exposure Draft—amendments to IFRS Standards and IFRIC Interpretations (overview)	
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Introduction

1. This paper provides:
 - (a) an overview on whether and, if so, how to propose amendments to the *IFRS for SMEs* Standard to align with amendments to IFRS Standards and IFRIC Interpretations.
 - (b) an introduction to a series of papers discussing this topic:
 - (i) Agenda Paper 30G: *Towards an Exposure Draft—amendments to IFRS Standards and IFRIC Interpretations (Agriculture: Bearer Plants)*. This paper discusses the alignment of the *IFRS for SMEs* Standard with *Agriculture: Bearer Plants* (Amendments to IAS 16 and IAS 41).
 - (ii) Agenda Paper 30H: *Towards an Exposure Draft—amendments to IFRS Standards and IFRIC Interpretations (package of amendments to IAS 1)*. This paper discusses the alignment of the *IFRS for SMEs* Standard with a package of amendments to IAS 1.
 - (iii) Agenda Paper 30I: *Towards an Exposure Draft—amendments to IFRS Standards and IFRIC Interpretations (topics with amendments*

recommended). This paper discusses the alignment of the *IFRS for SMEs* Standard with other amendments to IFRS Standards and IFRIC Interpretations for which the staff recommend the International Accounting Standards Board (IASB) propose amendments to the *IFRS for SMEs* Standard.

(iv) Agenda Paper 30J: *Towards an Exposure Draft—amendments to IFRS Standards and IFRIC Interpretations (topics with no amendments recommended)*. This paper discusses other amendments to IFRS Standards and IFRIC Interpretations for which the staff recommend the IASB does not propose amendments to the *IFRS for SMEs* Standard.

2. Appendix A to this paper includes a table of concordance of the amendments to IFRS Standards and IFRIC Interpretations on which the IASB sought views in the Request for Information with this series of papers.
3. In this paper, the term SMEs refers to small and medium-sized entities that are eligible to apply the *IFRS for SMEs* Standard.
4. This paper does not include any questions for the IASB. Questions for the IASB are set out in Agenda Papers 30G–30J.

Purpose of the series of papers

5. The purpose of this series of agenda papers is to ask the IASB to:
 - (a) consider feedback on the Request for Information *Comprehensive Review of the IFRS for SMEs Standard*, published in January 2020, and the recommendations of the SME Implementation Group (SMEIG) on the alignment of the *IFRS for SMEs* Standard with amendments to IFRS Standards and IFRIC Interpretations; and
 - (b) decide whether and, if so, how to propose amendments to the *IFRS for SMEs* Standard to align the Standard with amendments to IFRS Standards and IFRIC Interpretations.

6. The amendments to the IFRS Standards and IFRIC Interpretations discussed in the series of papers introduce minor new requirements in full IFRS Standards. Aligning the *IFRS for SMEs* Standard with these amendments would introduce simplifications and clarifications to the *IFRS for SMEs* Standard that would not significantly change the existing requirements in the Standard. Not aligning the Standard with these amendments would not detract the faithful representation of information applying the *IFRS for SMEs* Standard.

Summary of the staff recommendations in the series of papers

7. The staff recommend the IASB:
- (a) propose amendments to the *IFRS for SMEs* Standard to align with:
 - (i) *Agriculture: Bearer Plants* (Amendments to IAS 16 and IAS 41) and providing an undue cost or effort exemption on initial recognition for separation of the bearer plants from the produce growing on bearer plants;
 - (ii) a package of amendments to IAS 1; and
 - (iii) the amendments discussed in Agenda Paper 30I and listed as items 2–7, 9–12 in the table in Appendix A to this paper;
 - (b) retain the *IFRS for SMEs* Standard unchanged for the amendments discussed in Agenda Paper 30J and listed as items 15–30 in the table in Appendix A to this paper.
8. Appendix A to this paper lists all amendments to IFRS Standards and IFRIC Interpretations on which the IASB sought view in the Request for Information, showing the original position in the Request for Information and staff’s recommendations in this series of papers, in the light of the feedback on the Request for Information and the SMEIG recommendations.
9. Some of the recommendations on alignment with amendments to IFRS Standards and IFRIC Interpretations in this series of papers are different from the position in the Request for Information. Appendix A to this paper shows these differences (for

example, any movements from the categories ‘no alignment’ and ‘request further information’ into the category ‘alignment’; or ‘request further information’ into the category ‘no alignment’).

Background

10. When developing the Request for Information, the IASB considered whether the *IFRS for SMEs* Standard should be aligned with:
 - (a) the amendments to IFRS Standards and IFRIC Interpretations issued since the first comprehensive review; and
 - (b) the amendments to IFRS Standards and IFRIC Interpretations issued before the first comprehensive review, but that did not result in amendments to the *IFRS for SMEs* Standard.
11. These amendments clarify requirements and wording, modify definitions or make other relatively minor amendments to IFRS Standards to address unintended consequences, conflicts or oversights (for example, as part of the IASB’s Annual Improvements).
12. At its March 2021 meeting, the IASB tentatively decided to confirm that the scope of the review is as set out in the Request for Information. The amendments to IFRS Standards in the scope of the review are those with an effective date on or before 1 January 2019. However, the IASB decided to include in the scope of the review two amendments effective on 1 January 2020 (*Definition of Material* (Amendments to IAS 1 and IAS 8) and *Definition of a Business* (Amendments to IFRS 3)), because they provide clarification and would assist application of the *IFRS for SMEs* Standard.

13. The Request for Information grouped amendments to IFRS Standards and IFRIC Interpretations into tables based on whether the IASB was:
- (a) seeking views on aligning the *IFRS for SMEs* Standard (Table A1 of the Request for Information);
 - (b) seeking views on leaving the *IFRS for SMEs* Standard unchanged—that is, on not aligning with amendments to IFRS Standards and IFRIC Interpretations (Table A2 of the Request for Information);
 - (c) requesting further information (Table A3 of the Request for Information);
 - (d) considering the amendments listed along with the IFRS Standards they amend (Table A4 of the Request for Information); or
 - (e) not considering the listed amendments to IFRS Standards because they are already incorporated in the *IFRS for SMEs* Standard (Table A5 of the Request for Information).

Question in the Request for Information

14. Question S10 of the Request for Information asked for views on three categories of amendments to IFRS Standards and IFRIC Interpretations and particularly views on:
- (a) aligning the *IFRS for SMEs* Standard with the amendments to IFRS Standards outlined in Table A1 of Appendix A to the Request for Information;
 - (b) leaving the *IFRS for SMEs* Standard unchanged for the amendments to IFRS Standards listed in Table A2 of Appendix A to the Request for Information; and
 - (c) whether to align the *IFRS for SMEs* Standard with the following amendments to IFRS Standards and IFRIC Interpretations:
 - (i) the amendments to IAS 40 *Investment Property* from the *Annual Improvements to IFRSs 2011–2013 Cycle*;
 - (ii) the amendments to IAS 12 *Income Taxes* for the recognition of deferred tax assets for unrealised losses;

- (iii) IFRIC 21 *Levies*;
- (iv) IFRIC 22 *Foreign Currency Transactions and Advance Consideration*; and
- (v) IFRIC 23 *Uncertainty over Income Tax Treatments*.

Feedback

15. Feedback on Question S10 of the Request for Information was gathered from comment letters and online survey.
16. The SMEIG met on 9 September 2021 to discuss the feedback on the Request for Information and develop recommendations to enable the IASB to decide on whether and, if so, how to align the *IFRS for SMEs* Standard with amendments to IFRS Standards and IFRIC Interpretations.
17. The feedback from respondents and SMIEG members generally supported the rationale set out in the Request for Information. However, there are some mixed views on *Agriculture: Bearer Plants* (Amendments to IAS 16 and IAS 41) and *Disclosure Initiative* (Amendments to IAS 1). These two topics are discussed in Agenda Papers 30G and 30H respectively.

Appendix A—Amendments to the IFRS Standards and IFRIC Interpretations on which the IASB sought views in the Request for Information

	Amendments to the IFRS Standards and IFRIC Interpretations	IFRS for SMEs Standard Sections	Position in the Request for Information	Recommendation in Agenda Paper 30G–30J	Agenda Paper Reference
1	<i>Definition of Material</i> (Amendments to IAS 1 and IAS 8)	Section 3	Align	Align	AP30H
2	<i>Disclosure Initiative</i> (Amendments to IAS 7)	Section 7	Align	Align	AP30I
3	<i>Transfers of Investment Property</i> (Amendments to IAS 40)	Section 16	Align	Align	AP30I
4	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> (Amendments to IAS 16 and IAS 38)	Section 17	Align	Align	AP30I
5	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> (Amendments to IAS 16 and IAS 38)	Section 18	Align	Align	AP30I
6	<i>Annual Improvements to IFRSs 2010–2012 Cycle</i> (IFRS 2)	Section 26	Align	Align	AP30I
7	<i>Classification and Measurement of Share-based Payment Transactions</i> (Amendments to IFRS 2)	Section 26	Align	Align	AP30I
8	<i>Agriculture: Bearer Plants</i> (Amendments to IAS 16 and IAS 41)	Section 34	Align	Align	AP30G
9	<i>Annual Improvements to IFRSs 2011–2013 Cycle</i> (IAS 40)	Section 16	Request further information	Align	AP30I
10	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i> (Amendments to IAS 12)	Section 29	Request further information	Align	AP30I
11	<i>IFRIC 22 Foreign Currency Transactions and Advance Consideration</i>	Section 30	Request further information	Align	AP30I
12	<i>IFRIC 23 Uncertainty over Income Tax Treatments</i>	Section 29	Request further information	Align	AP30I
13	<i>Disclosure Initiative</i> (Amendments to IAS 1)	Section 3	Not align	Align	AP30H
14	<i>Disclosure of Accounting Policies</i> (Amendments to IAS 1 and IFRS practice Statement 2)	Section 3	N/A	Align	AP30H
15	<i>Recoverable Amount Disclosures for Non-Financial Assets</i> (Amendments to IAS 36)	Section 27	Not Align	Not Align	AP30J
16	<i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i>	No equivalent section	Not Align	Not Align	AP30J
17	<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i> (Amendments to IFRS 10, IFRS 11 and IFRS 12)	Section 9	Not Align	Not Align	AP30J
18	<i>Annual Improvements to IFRS Standards 2014–2016 Cycle</i> (IFRS 12)	Section 9	Not Align	Not Align	AP30J

	Amendments to the IFRS Standards and IFRIC Interpretations	IFRS for SMEs Standard Sections	Position in the Request for Information	Recommendation in Agenda Paper 30G–30J	Agenda Paper Reference
19	<i>Annual Improvements to IFRSs 2012–2014 Cycle (IFRS 7)</i>	Section 11	Not Align	Not Align	AP30J
20	<i>Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)</i>	Section 11	Not Align	Not Align	AP30J
21	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)</i>	Section 14	Not Align	Not Align	AP30J
22	<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)</i>	Section 15	Not Align	Not Align	AP30J
23	<i>Annual Improvements to IFRSs 2010–2012 Cycle (IAS 38)</i>	Section 18	Not Align	Not Align	AP30J
24	<i>Effective Date of IFRS 15</i>	Section 23	Not Align	Not Align	AP30J
25	<i>Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)</i>	Section 28	Not Align	Not Align	AP30J
26	<i>Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)</i>	Section 28	Not Align	Not Align	AP30J
27	<i>Annual Improvements to IFRS Standards 2015–2017 Cycle (IAS 12)</i>	Section 29	Not Align	Not Align	AP30J
28	<i>Annual Improvements to IFRSs 2011–2013 Cycle (IFRS 1)</i>	Section 35	Not Align	Not Align	AP30J
29	<i>Annual Improvements to IFRS Standards 2014–2016 Cycle (IFRS 1)</i>	Section 35	Not Align	Not Align	AP30J
30	IFRIC 21 Levies	Section 21	Request further information	Not Align	AP30J