

STAFF PAPER

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Project	IFRS 16 and covid-19		
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Introduction and objective

1. On 28 May 2020, the Board issued *Covid-19-Related Rent Concessions*, which amended IFRS 16 *Leases*. The 2020 amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications.
2. Among other conditions, the 2020 amendment permits a lessee to apply the practical expedient only to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. If a rent concession reduces lease payments both before and after 30 June 2021, IFRS 16 does not permit the practical expedient to be applied to that concession.
3. Stakeholders have asked the Board to extend the scope of this condition so the practical expedient can be applied, as a minimum, to rent concessions for which any reduction in lease payments affects only payments originally due on or before 31 December 2021.
4. The objective of this paper is to ask the Board whether it would like to undertake standard setting in response to this request.
5. This paper is structured as follows:
 - (a) Summary of staff recommendations (paragraphs 6-7);
 - (b) Background (paragraphs 8-21);

- (c) Stakeholder request (paragraphs 22-23);
- (d) Feedback from investors (paragraphs 24-26);
- (e) Staff analysis (paragraphs 27-56);
- (f) Summary and conclusion (paragraphs 57-59);
- (g) Staff recommendations and questions for the Board; and
- (h) Appendix—Due process steps in developing a possible amendment to IFRS 16.

Summary of staff recommendations

6. We recommend that the Board amend paragraph 46B(b) of IFRS 16 to permit a lessee to apply the practical expedient in paragraph 46A of IFRS 16 to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.
7. We recommend that the Board:
 - (a) require a lessee to apply the amendment for annual reporting periods beginning on or after 1 April 2021.
 - (b) permit a lessee to apply the amendment early, including in financial statements not authorised for issue at the date the final amendment is issued.
 - (c) require a lessee to apply the amendment retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment.
 - (d) specify that, in the reporting period in which a lessee first applies the amendment, a lessee is not required to disclose the information required by paragraph 28(f) of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Background

May 2020 Amendment—Covid-19-Related Rent Concessions

8. The Board issued the 2020 amendment in response to feedback from stakeholders about changes in lease payments that had occurred, or were expected to occur, as a result of the covid-19 pandemic. Applying IFRS 16 to those changes could be complex in the light of challenges many entities were facing at that time due to the pandemic.
9. The 2020 amendment added paragraphs 46A, 46B and 60A to IFRS 16. Paragraph 46A permits lessees, as a practical expedient, not to assess whether particular covid-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient account for those rent concessions as if they were not lease modifications.
10. A lessee applying the practical expedient generally accounts for a forgiveness or waiver of lease payments as a variable lease payment—thus recognising any resulting gain in profit or loss. A lessee applying lease modification accounting generally recognises such a gain over the life of the lease by adjusting the carrying amount of the right-of-use asset.
11. Applying paragraph 46B of IFRS 16, the practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:
 - (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - (b) any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021);
and
 - (c) there is no substantive change to other terms and conditions of the lease.

12. In the remainder of this paper we have referred to rent concessions that meet all of the conditions in paragraph 46B of IFRS 16 as ‘eligible rent concessions’. We have referred to rent concessions that meet all conditions other than the condition in paragraph 46B(b) as ‘potentially eligible rent concessions’.
13. Paragraph 60A of IFRS 16 requires a lessee that applies the practical expedient to disclose:
 - (a) that it has applied the practical expedient to all rent concessions that meet the conditions in paragraph 46B or, if not applied to all such rent concessions, information about the nature of the contracts to which it has applied the practical expedient; and
 - (b) the amount recognised in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient.

Why is the practical expedient optional?

14. The 2020 amendment was issued on 28 May 2020. In order to provide relief during the pandemic, the effective date of the 2020 amendment was annual reporting periods beginning on or after 1 June 2020. Consequently, if the practical expedient were mandatory, all lessees would have been required to apply it within a short time frame. Some lessees might have already applied the lease modification requirements in IFRS 16 to rent concessions. The Board concluded that making the practical expedient optional would provide practical relief to many lessees, whilst avoiding problems for those that decided not to apply it.

Stakeholder views

15. The practical expedient was well received by preparers.
16. Investors understood the need for practical relief and supported the Board’s efforts to help lessees at a challenging time. Some described the covid-19 pandemic as an extraordinary event and said recognition of the effects of a covid-19-related rent concession in profit or loss would provide them with useful information.
17. That said, investors noted that they do not like accounting policy choices and were concerned about profit or loss comparability between lessees that apply the

practical expedient and those that do not apply it. However, investors also understood the Board's rationale for making the practical expedient optional and agreed that a mandatory practical expedient would not be as helpful to lessees.

18. Most investors said they could support the practical expedient provided:
- (a) lessees adequately disclose its effects. The Board added the disclosure requirement in paragraph 60A(b) of IFRS 16 in response to this feedback.
 - (b) use of the practical expedient is appropriately ringfenced to ensure that it cannot be applied too broadly. A few investors explicitly supported the conditions in paragraph 46B of IFRS 16, which limit the population of rent concessions to which lessees can apply the practical expedient. In particular, these investors supported the Board limiting application of the practical expedient to a particular timeframe—ie they supported the condition in paragraph 46B(b).

The Board's rationale for the condition in paragraph 46B(b) of IFRS 16

19. When developing the practical expedient, the Board observed that the economic effects of the covid-19 pandemic were expected to continue for some time. A lessee could conclude that many future changes in lease payments would be a consequence of the covid-19 pandemic. The Board's intention was to provide relief to lessees during the height of the pandemic when they were expected to need it most.
20. The Board concluded that limiting application of the practical expedient to a particular time frame would:
- (a) provide relief to lessees when they were expected to need it most;
 - (b) be responsive to concerns from investors about comparability if a lessee were to apply the practical expedient too broadly (see paragraphs 17 and 18(b));
 - (c) reduce pressure on the determination of whether a rent concession is a direct consequence of the covid-19 pandemic; and
 - (d) be easy to apply.

21. The exposure draft that preceded the 2020 amendment proposed that the practical expedient be available for reductions in lease payments only up to 31 December 2020. In response to that exposure draft, the Board received feedback that the proposed period of relief was too short because lessors were already granting rent concessions that reduced lease payments for 12 months. That is, the Board was made aware of rent concessions that reduced lease payments up to 30 June 2021 but not beyond that date.

Stakeholder request

22. Stakeholders have asked the Board to extend the scope of the condition in paragraph 46B(b) of IFRS 16 so the practical expedient can be applied, as a minimum, to rent concessions for which any reduction in lease payments affects only payments originally due on or before 31 December 2021.
23. The entities making this request informed the Board that many lessors are granting rent concessions, as a direct consequence of the pandemic, that extend beyond 30 June 2021. Consequently, the passage of time is creating a mixed measurement model for similar transactions based solely on the period for which concessions were granted.

Feedback from investors

24. In the light of the views expressed by investors about limiting the scope of the practical expedient (see paragraph 18(b)), we thought it would be useful to obtain the views of some investors to inform the Board's discussion about potentially extending that scope. We received input from five of the investors who previously provided feedback about the practical expedient. One of these investors thought the Board should not extend the scope of the practical expedient.
25. The remaining investors could see the benefits to lessees of extending the practical expedient. Some explicitly confirmed that, given the ongoing significance of the effects of the covid-19 pandemic, they want to see any gain from forgiveness or waiver of lease payments—that is a direct consequence of the pandemic—in profit or loss and not recognised over the life of the lease. The

current status of the pandemic could not have been envisaged when they provided feedback in May 2020 and they said enabling lessees to recognise the effects of covid-19-related rent concessions in profit or loss consistently throughout the height of the pandemic would provide useful information. Nevertheless, these investors still had concerns about comparability between lessees that use the practical expedient and those that do not. They continued to highlight the importance of limiting application of the practical expedient such that it can be applied only when it is needed most.

26. Given the ongoing significance of the effects of the pandemic, these investors were of the view that permitting use of the practical expedient to rent concessions that reduce lease payments beyond 30 June 2021 would be reasonable. Investors expressed mixed views on the precise date: some supported extension to 30 June 2022 whilst others asked the Board to limit any extension to 31 December 2021.

Staff analysis

27. Feedback received on the practical expedient has been positive. Stakeholders have confirmed that it provides useful practical relief and most investors have confirmed that the information they receive from lessees applying the practical expedient is useful.
28. We agree with those stakeholders who say the ongoing significance and protracted effects of the pandemic were not envisaged at the time the Board developed the practical expedient. In many jurisdictions, the ongoing effects of the pandemic are at least as significant now as they were in May 2020. At that time, reductions in lease payments for a full year into the future—to June 2021—were captured as eligible rent concessions for the purposes of the practical expedient, which seemed adequate at the time. At the moment (in early 2021), eligible rent concessions include only reductions in lease payments for the next five months.
29. Finally, we note that the existence of potentially eligible rent concessions that reduce lease payments beyond 30 June 2021 is new information the Board did not have when it developed the 2020 amendment. The Board did not intend that all changes in rent that might arise as a result of the pandemic would be addressed by the practical expedient. The economic effects of the pandemic are likely to

continue for a long time and, as described in paragraph 19, the practical expedient was intended to provide relief only when it is needed most. However, given the ongoing significance of the effects of the pandemic, we think it would be consistent with the Board's objective of providing relief when needed most to consider extending the practical expedient to capture covid-19 related rent concessions beyond 30 June 2021.

30. We are therefore of the view that the request to extend the scope of the practical expedient—so that it can be applied to rent concessions that reduce lease payments beyond 30 June 2021—is a reasonable one. We think doing so would:
- (a) provide practical relief to lessees during the height of the pandemic;
 - (b) provide useful information to investors by enabling lessees to report the effects of covid-19-related rent concessions in profit or loss, and account for similar rent concessions in the same way, during the height of the pandemic; and
 - (c) be consistent with the Board's intentions when it originally developed the practical expedient.
31. The sections that follow consider:
- (a) the length of the extension to the practical expedient (paragraphs 32-41);
 - (b) timing and effective date (paragraphs 42-44);
 - (c) transition requirements (paragraphs 45-53); and
 - (d) transition disclosures—paragraph 28(f) of IAS 8 (paragraphs 54-56).

Length of the extension

32. One option the Board could consider is removing the condition that limits application of the practical expedient to a particular time frame—ie deleting paragraph 46B(b) of IFRS 16. However, we recommend that the Board not take this approach. The only things that have changed since the Board developed the 2020 amendment are the ongoing significance of the effects of the pandemic and the existence of potentially eligible rent concessions that reduce lease payments

beyond 30 June 2021. Consequently, in our view the Board's reasons for including the condition in paragraph 46B(b) still apply. Removing this condition would:

- (a) place significant pressure on a lessee's determination of whether a rent concession occurs as a direct consequence of the covid-19 pandemic; and
- (b) be directly opposed to investor feedback about the importance of ensuring that the practical expedient cannot be applied too broadly.

33. Further, stakeholder feedback about the practical expedient has been positive and we are not aware of application questions. Removing the condition in paragraph 46B(b) would change how a lessee determines which rent concessions are in the scope of the practical expedient and could therefore create unintended consequences.
34. Consequently, in our view, the Board should retain the condition in paragraph 46B(b) but extend it beyond 30 June 2021. We have considered two potential dates for extension of the practical expedient: 31 December 2021 and 30 June 2022.

31 December 2021

35. Preparers that asked the Board to extend the scope of the practical expedient specifically asked that any extension capture rent concessions that reduce lease payments up to at least 31 December 2021.
36. The primary reason to limit any extension to 31 December 2021 is that this is the period over which the Board has evidence the practical expedient continues to be needed most based on the current situation. Lessors are already granting potentially eligible rent concessions that reduce lease payments up to 31 December 2021. Given the ongoing significance of the effects of the pandemic, we think an extension of the practical expedient to capture those rent concessions is consistent with the Board's intentions when it originally developed the practical expedient.
37. Further, extending the scope of the practical expedient to capture potentially eligible rent concessions that reduce lease payments beyond 31 December 2021

may fail to be responsive to investor concerns about the practical expedient being applied too broadly. Investors may question why the Board is offering an optional practical expedient beyond the date to which the need for it is evidenced.

30 June 2022

38. As described in paragraph 28, the current effects of the pandemic are at least as significant now as they were in May 2020. At that time, the Board permitted use of the practical expedient for rent concessions that reduce lease payments for 13 months into the future—to 30 June 2021. Therefore, some may say extending the condition to 31 December 2021 is unlikely to be enough. Some of the lessees that requested an extension have informed us that negotiations with lessors about covid-19-related rent concessions are ongoing as the pandemic continues. Those negotiations could result in reductions in lease payments that extend beyond 31 December 2021.
39. If the Board does not extend the scope of the practical expedient sufficiently, it may receive further requests for extension in the future. In that case, the Board would consider the circumstances at the time of any request and may (or may not) decide to perform further standard-setting. Extending the scope of the practical expedient to capture potentially eligible rent concessions that reduce lease payments up to 30 June 2022 may be helpful for stakeholders because it would provide a more certain position about the availability of the practical expedient than 31 December 2021. It is also practical in that it restricts the term of the expedient as desired by investors while reducing the risk of the need for further standard-setting caused by the uncertain duration of the pandemic. In addition, it would help to avoid any potential complexities brought about by the transition requirements needed to introduce any new scope extension (see paragraphs 45-53).
40. That said, we note two key differences between the Board's May 2020 decision to permit use of the practical expedient for rent concessions that reduce lease payments to June 2021 and its considerations now:
- (a) in May 2020, the Board had evidence that lessors were already providing eligible rent concessions that reduced lease payments beyond 31 December 2020. The Board does not currently have any evidence of

potentially eligible rent concessions that reduce lease payments beyond 31 December 2021—although we understand that negotiations are ongoing (see paragraph 38).

- (b) the rollout of the covid-19 vaccines began in some jurisdictions in December 2020. Some may say the existence of the vaccines makes it less likely that the height of the pandemic will continue for over a year from now than was the case in May 2020. Therefore, the risk of extending the scope of the exemption beyond when it is needed is greater now than it was in May 2020.

Conclusion

- 41. On balance, we recommend that the Board amend IFRS 16 to extend the scope of the practical expedient to capture potentially eligible rent concessions that reduce lease payments up to 30 June 2022 (the recommended amendment). This is because we think it would be unhelpful for all stakeholders if the Board does not extend the scope of the practical expedient sufficiently. In the light of the ongoing significant effects of the pandemic and support from most investors for an extended scope, we think an extension to 30 June 2022 would be reasonable.

Timing and effective date

- 42. In order to provide meaningful relief to lessees, any amendment needs to be finalised—and available for use—quickly. This is because lessors are already providing potentially eligible rent concessions that reduce lease payments beyond 30 June 2021. Lessees are not currently able to apply the practical expedient to those rent concessions but would be able to do so after the recommended amendment is issued (provided the Board permits early application). Consequently, the sooner any amendment is available to lessees, the less likely it is they will:
 - (a) have already applied lease modification accounting to rent concessions that would be captured by the extended scope of the practical expedient; and
 - (b) face challenges relating to transition (see paragraphs 45-53).

43. We think the Board would be able to issue the amendment in final form by the end of March 2021 if, at this meeting, the Board decides to:
- (a) amend IFRS 16 as described in this paper;
 - (b) give the staff permission to ballot an exposure draft of the amendment. The Appendix sets out a summary of due process steps; and
 - (c) set a comment period on that exposure draft of 14 days.¹
44. Consequently, we recommend an effective date for the recommended amendment of annual periods beginning on or after 1 April 2021, with earlier application permitted. This approach would be the same as that taken in the 2020 amendment, which the Board issued on 28 May 2020 with an effective date of 1 June 2020. By choosing to apply the recommended amendment early, lessees would be able to apply the extended practical expedient immediately in any set of financial statements not yet authorised for issue at the date the recommended amendment is issued. However, by setting the effective date for annual reporting periods beginning on or after 1 April 2021 the Board is enabling, rather than requiring, immediate application—thereby ensuring lessees have time to implement the recommended amendment if needed.

Transition

45. As described in paragraph 14, the practical expedient is optional. Consequently, if a lessee had already applied lease modification accounting to any eligible rent concessions at the time the 2020 amendment was issued, it was not required to reverse this accounting (although it may have chosen to do so).
46. However, paragraph 2 of IFRS 16 requires a lessee to apply the Standard consistently to contracts with similar characteristics and in similar circumstances. Consequently, the amendment now being considered by the Board is, in effect, not optional. A lessee that applied the practical expedient in the 2020 amendment must apply any scope extension. Similarly, a lessee that did not apply the practical

¹ Paragraph 6.8 of the *Due Process Handbook* states that, in exceptional circumstances, and only after formally requesting and receiving prior approval from 75 per cent of the Trustees (see Appendix), the Board may reduce the period for public comment on an Exposure Draft to below 30 days but may not dispense with a comment period.

expedient in the 2020 amendment cannot change that decision because of a scope extension.²

47. Therefore, if the Board decides to make the recommended amendment, it is possible that a lessee may be required to reverse lease modification accounting for some rent concessions when it first applies that amendment. Consider the following example:

Example

Company A has a 31 December year end. It applied the practical expedient to all eligible rent concessions during 2020.

Company A received rent concession X in November 2020 that reduced lease payments from November 2020 to October 2021. Because rent concession X reduced lease payments beyond 30 June 2021, it did not qualify for the practical expedient although it was eligible in all other respects. Rent concession X meets the definition of a lease modification in IFRS 16.

Company A's financial statements for the year ended 31 December 2020 are authorised for issue on 25 February 2021. In these financial statements the accounting for rent concession X is different from that applied to its eligible rent concessions.

The Board issues the recommended amendment to IFRS 16 in March 2021, making rent concession X an eligible rent concession.

The practical expedient is optional. However, Company A has already decided to apply it and, applying paragraph 2 of IFRS 16, must apply the practical expedient consistently to all lease contracts with similar characteristics and in similar circumstances. Consequently, Company A is now required to apply the practical expedient to rent concession X because a) it previously decided to apply the practical expedient; and b) rent concession X is now an eligible rent concession.

² We note that some lessees may not yet have issued financial statements since applying (or not applying) the practical expedient in the 2020 amendment and could therefore still change their decision.

48. In this example, the only way to avoid Company A having to reverse its lease modification accounting for rent concession X would be for the Board to require a prospective transition approach—ie require lessees who previously elected to apply the practical expedient to apply it only to eligible rent concessions granted after the date of initial application of the amendment. We do not recommend this approach because it would mean individual lessees that have elected to apply the practical expedient would be required to account for similar eligible rent concessions differently over the course of the pandemic. In the above example, applying a prospective transition approach, Company A would account for eligible (or potentially eligible) rent concessions granted both before and after rent concession X by applying the practical expedient. However, it would account for rent concession X by applying lease modification accounting. In our view, this approach would not provide useful information to investors.
49. On the other hand, requiring a lessee to apply the recommended amendment retrospectively would ensure all lessees that apply the practical expedient apply it to all eligible rent concessions that meet the extended scope conditions. There would be no rent concessions that ‘fall through the gap’ between the original practical expedient and the date the Board issues the recommended amendment.
50. We acknowledge that, in the example in paragraph 47, Company A’s 31 December 2020 financial statements have already been authorised for issue before the Board would issue the amendment. Therefore, applying a retrospective transition approach, Company A would need to reverse its lease modification accounting for rent concession X when it prepares its 31 December 2021 financial statements. If, as was done in the 2020 amendment, the Board requires a lessee to recognise the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings at the beginning of the annual reporting period in which the lessee first applies the amendment, then Company A would not need to restate its 31 December 2020 financial statements. This is effectively an example of a modified retrospective transition approach that the Board uses relatively often.

51. We think the scenario in paragraph 50 cannot be avoided. However, we expect it to be rare for several reasons:
- (a) We think the Board would be able to issue the recommended amendment in final form by the end of March 2021. Thus the practical expedient would be available to lessees with a March year end.
 - (b) There are many lessees (in particular, retailers) with February year ends. We think it extremely unlikely that those entities would report their February 2021 results before the end of March. Thus the extended practical expedient would also be available to them by way of early application.
 - (c) If there were many lessees in Company A's position, we would expect to have been made aware of them by now. The Board received one letter in September 2020 that requested an extension to the scope of the practical expedient but has not heard any other feedback on this matter until January 2021.
52. Finally, we are asking the Board to consider extending the scope of the practical expedient in response to requests from lessees who have already applied the practical expedient and already received rent concessions that reduce lease payments beyond 30 June 2021. In other words, the kind of lessees to which the scenario described in paragraph 47 is most likely to occur. These lessees have confirmed that the transition complexity in paragraph 47 is not expected to cause any significant problems.
53. Consequently, we recommend that the Board require a lessee to apply the recommended amendment retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment.

Transition disclosures—paragraph 28(f) of IAS 8

54. Paragraph 28(f) of IAS 8 requires an entity to disclose the amount of the adjustment resulting from initial application of an IFRS Standard on each financial statement line item, for each financial reporting period presented.

55. In our view, lessees applying the recommended amendment should not be required to disclose this information. The information would rarely be relevant because rent concessions to which the practical expedient would be applied are unlikely to have been reported applying lease modification accounting previously (see paragraph 51). Further, the Board did not require lessees to disclose this information when they applied the 2020 amendment, and we think nothing has changed in this regard.
56. Consequently, we recommend that the Board specify in the recommended amendment that the disclosure requirement in paragraph 28(f) of IAS 8 does not apply on initial application.

Summary and conclusion

57. We recommend that the Board amend IFRS 16 so that lessees can apply the practical expedient in paragraph 46A of IFRS 16 to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. We conclude that this would provide practical relief for lessees, would provide useful information for investors and, in the light of the ongoing significance of the effects of the pandemic, would be consistent with what the Board had in mind when it developed the practical expedient.
58. If the Board decides to make the recommended amendment to IFRS 16, it is important to issue that amendment in final form by the end of March 2021. Not doing so would impair the usefulness of the practical relief to lessees and risk complexities on transition (see paragraphs 45-53).
59. With that in mind, we are asking the Board to make a decision based on the information available at the moment. We acknowledge that it could be useful to perform further outreach with stakeholders beyond that reported in this paper. However, we note that preparers have requested an extension and provided evidence that this would be useful, and most investors have expressed support for such an extension. Further, we understand that standard-setting will be useful only if it is done in a timely manner—performing further outreach would delay the process and limit the benefits of the recommended amendment. Based on the information we have at the moment, we conclude that the benefits of making the

recommended amendment outweigh the costs. Further, we note that the Exposure Draft process will give all stakeholders the opportunity to comment on the recommended amendment before it is finalised.

Staff recommendations and questions for the Board

Questions for the Board

1. Does the Board agree with the staff recommendation to amend paragraph 46B(b) of IFRS 16 to permit a lessee to apply the practical expedient in paragraph 46A of IFRS 16 to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022?
2. Does the Board agree with the staff recommendations to:
 - (a) require a lessee to apply the amendment for annual reporting periods beginning on or after 1 April 2021;
 - (b) permit a lessee to apply the amendment early, including in financial statements not authorised for issue at the date the final amendment is issued;
 - (c) require a lessee to apply the amendment retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment; and
 - (d) specify that, in the reporting period in which a lessee first applies the amendment, it is not required to disclose the information required by 28(f) of IAS 8?
3. Does the Board agree with the staff recommendation for a 14-day comment period for an Exposure Draft of an amendment to IFRS 16 (subject to the Trustees approving such a short comment period)?
4. Is the Board satisfied that it has complied with the applicable due process steps and that it should begin the balloting process for the Exposure Draft?
5. Does any Board member intend to dissent from the proposals in the Exposure Draft?

Appendix—Due process steps in developing a possible amendment to IFRS 16

A1. As described in paragraph 58 of this paper, the amendment being considered by the Board would be of benefit to lessees only if it is finalised in a timely manner. With that in mind, the table below summarises the required due process steps for developing an exposure draft. The table omits the optional steps.

Step	Required/ Optional	Actions
Board meetings are held in public, with papers available for observers. All decisions are made in public sessions	Required	The Board is discussing the project in public at a supplementary February 2021 Board Meeting.
Consultation with the Trustees and the Advisory Council	Required	The Trustees and Advisory Council will be updated on the project as part of the discussions of the Board’s technical activities.
Analysis of likely effects of the forthcoming Standard or major amendment, for example, initial costs or ongoing associated costs	Required	The amendment being considered by the Board is neither a Standard nor a major amendment.
Finalisation		
Due process steps reviewed by the IASB	Required	This paper asks the Board to review the due process steps for the project.
The Exposure Draft has an appropriate comment period	Required	This paper recommends a comment period of 14 days, which requires approval from the Trustees. The proposed comment period is below the minimum period specified in paragraph 6.7 of the IFRS Foundation <i>Due Process Handbook</i> and, therefore, approval is required from 75 per cent of the Trustees. This approval is being sought in advance of the Board discussion and we will provide an update at the Board Meeting.
Drafting		
Drafting quality assurance steps are adequate—The Translations team and the IFRS Taxonomy team have been included in the review process	Required	The translations team and the IFRS Taxonomy team will review drafts during the balloting process of the Exposure Draft.

Publication		
Exposure Draft published	Required	The Exposure Draft will be made available on the project website when published.
Press release to announce publication of the Exposure Draft	Required	A press release will be published on our website with the Exposure Draft.