
IASB[®] meeting

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| Date | October 2023 |
| Project | Homes and Home Loans Provided to Employees |
| Topic | Finalisation of agenda decision |
| Contacts | Stefano Tampubolon (stampubolon@ifrs.org) Joan Brown (jbrown@ifrs.org) |

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Purpose of the meeting

1. At its September 2023 meeting, the IFRS Interpretations Committee (Committee) decided not to add a standard-setting project to the work plan in response to a request about employee home ownership plans and employee home loans. The Committee instead decided to finalise an agenda decision.
2. The purpose of this meeting is to ask the International Accounting Standards Board (IASB) members whether they object to the agenda decision, as required by paragraph 8.7 of the IFRS Foundation *Due Process Handbook*.

Background

3. The Committee received a request asking how an entity accounts for employee home ownership plans and employee home loans of the types described in two fact patterns. The appendix to this paper—which sets out the wording of the agenda decision—includes a summary of the fact patterns.¹

¹ The full request is reproduced in Appendix B to [Agenda Paper 5](#) for the March 2023 Committee meeting.

4. Upon receiving the request, the Committee sent an information request to members of the International Forum of Accounting Standard Setters, securities regulators and large accounting firms. The responses to the information request indicated that neither of the fact patterns described in the request is widespread, and that even when the fact patterns do arise, the amounts involved are not material.
5. Consequently, in March 2023, the Committee decided to publish a [tentative agenda decision](#), having concluded that the matters described in the request do not meet the criteria for adding a standard-setting project to the work plan set out in paragraph 5.16 of the *Due Process Handbook*. In particular, the matters do not meet the criterion in sub-paragraph 5.16(a) that ‘the matter has widespread effect and has, or is expected to have, a material effect on those affected’.

Feedback on the tentative agenda decision

6. The Committee received seven comment letters on its tentative agenda decision by the comment letter deadline.² The letters were from four national standard-setters, two accounting firms and one individual. [Agenda Paper 4](#) for the Committee’s September 2023 meeting summarised the comments and set out staff analysis of those comments.
7. Five of the seven respondents—including both of the accounting firms and two of the national standard setters commenting—agreed with the Committee’s conclusion and tentative decision not to add a standard-setting project to the work plan.
8. The other two national standard-setters commenting disagreed with the Committee’s conclusion, citing the evidence they had gathered in their respective jurisdictions.
9. In the light of their disagreement, these respondents—together with the individual commenting who nonetheless agreed with the Committee’s conclusion—suggested including with the agenda decision explanatory material clarifying how an entity should account for the arrangements described in the request.

² There were no late comment letters as of the date of posting of this paper.

The Committee's conclusion

10. The Committee considered this feedback at its September 2023 meeting. The Committee confirmed its conclusion that the matters described in the request do not have widespread effect and its decision not to add a standard-setting project to the work plan.
11. The Committee made some changes to the wording of the tentative agenda decision to clarify its findings and conclusion and to respond to a respondent's concern on the wording of the tentative agenda decision. The appendix to this paper includes the wording approved by the Committee.
12. All 14 Committee members voted to finalise the agenda decision.

Questions for the IASB

Do you object to the Committee's:

- a. decision not to add a standard-setting project to the work plan?
- b. conclusion that the agenda decision does not add or change requirements in IFRS Accounting Standards?

Appendix—the agenda decision

A1. The agenda decision below was approved by the Committee at its September 2023 meeting.

Homes and Home Loans Provided to Employees

The Committee received a request about how an entity accounts for employee home ownership plans and employee home loans of the types described in two fact patterns.

Fact pattern 1: employee home ownership plans

An entity provides its employee with a house that the entity constructed and owns. In return, the employee has a proportion of his or her base salary deducted every month until the agreed price of the house has been fully repaid.

If the employee leaves employment *within* the first five years of the arrangement, the employee forfeits his or her rights to the house and recovers the salary deductions to date. If the employee leaves employment *after* that five-year period, the employee may choose either:

- (a) to forfeit his or her rights to the house and recover the salary deductions to date; or
- (b) to keep the house and immediately repay the outstanding balance.

Legal title to the house transfers to the employee only when he or she has paid in full the agreed price for the house.

Fact pattern 2: employee home loans

An entity provides its employee with a loan to buy a house, which the employee chooses and purchases and the entity does not own. The entity provides the loan at a below-market rate of interest; the loan is typically interest-free. The employee repays the loan through salary deductions. If the employee leaves employment for any reason at any point, the outstanding balance of the loan becomes repayable.

Conclusion

Evidence gathered by the Committee indicated that the matters described in the request are not widespread. On the basis of that evidence, the Committee concluded that the matters

described in the request do not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan.