
IASB[®] meeting

Date **May 2025**

Project **Post-implementation Review of IFRS 16 *Leases***

Topic **Permission to publish the RFI. Comment period.**

Ozlem Arslan (ozlem.arslan@ifrs.org)

Contacts Raf Markowski (rmarkowski@ifrs.org)

Tim Craig (tcraig@ifrs.org)

This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB[®] *Update*.

Purpose and structure of this paper

1. The purpose of this paper is to ask the International Accounting Standards Board (IASB):
 - (a) to approve the publication of a Request for Information (RFI) for the post-implementation review (PIR) of IFRS 16 *Leases* (Question 1); and
 - (b) to set a 120-day comment period for the RFI (Question 2).
2. This paper includes:
 - (a) background information (paragraphs 3–8);
 - (b) information about the RFI (paragraphs 9–12); and
 - (c) considerations about the comment period for the RFI (paragraphs 13–15).

Background information

3. The IASB's PIR process is set out in paragraphs 6.48–6.59 of the [IFRS Foundation Due Process Handbook](#) (*Due Process Handbook*).¹
4. In [December 2023](#) the IASB decided to begin the PIR of IFRS 16 in the second quarter of 2024. In [June 2024](#) the IASB discussed the objective, activities and expected timeline for the first phase of the PIR of IFRS 16, in which the IASB identifies matters to examine and consults publicly on these matters.
5. Before the project commenced in June 2024, we had observed three meetings (April 2024 International Forum of Accounting Standard Setters panel discussion sharing jurisdictional perspectives on IFRS 16, a user group convened by a national standard-setter from Europe and a meeting with representatives of large accounting firms in Asia-Oceania). Between June 2024 and January 2025, IASB members and staff met with a broad range of stakeholders and regions to ensure that the IASB has enough information on which to base its decisions about the scope of the RFI. The IASB also held two education meetings with the Financial Accounting Standards Board, at which the two boards discussed their post-implementation reviews of their respective leases standards.
6. At its March 2025 meeting, the IASB:
 - (a) discussed feedback and other information gathered in the first phase of the PIR of IFRS 16;
 - (b) discussed a review of academic literature relevant to the PIR of IFRS 16; and
 - (c) tentatively decided what questions should be included in the RFI.

¹ The Due Process Oversight Committee (DPOC) of the Trustees of the IFRS Foundation is proposing to amend the *Due Process Handbook* to clarify the requirements for a post-implementation review. See the [Exposure Draft Due Process Handbook](#). As the IASB gained experience, and in light of stakeholder feedback, the IASB more clearly explained the objective of, process for and possible outcomes of a post-implementation review in its publications. The DPOC monitored these developments through its oversight of the IASB's post-implementation reviews. The DPOC proposes to reflect these developments in the *Due Process Handbook*.

-
7. At its March 2025 meeting, the IASB tentatively decided to include questions in the RFI to assess:
- (a) whether IFRS 16 is meeting its objective and whether its core principles are clear;
 - (b) whether the benefits to users of the information reported in accordance with IFRS 16 and the costs—particularly ongoing costs—of applying the requirements, and auditing and enforcing their application, are not significantly different from what the IASB expected;
 - (c) whether the lease-term requirements provide a clear and sufficient basis for entities to determine a lease term and whether entities are able to apply the requirements consistently;
 - (d) whether the benefits to users of the information reported in accordance with the lease-term requirements are not significantly lower than the IASB expected;
 - (e) whether the requirements for variable lease payments provide a clear and sufficient basis for lessees to determine which variable lease payments are included in the measurement of the lease liability;
 - (f) whether the requirements for discount rates provide a clear and sufficient basis for lessees to determine a discount rate (usually an incremental borrowing rate), and whether entities are able to apply the requirements consistently;
 - (g) whether the effects of applying the discount-rate requirements are not significantly different from what the IASB expected;
 - (h) whether the ongoing costs of remeasuring lease liabilities (to reflect reassessments of lease liability or lease modifications) are not significantly higher than the IASB expected;
 - (i) whether the benefits to users of the information about lease-related cash flows that lessees present in the statement of cash flows (or disclose in the notes to financial statements) are not significantly lower than the IASB expected;

-
- (j) which transition requirements were helpful to entities;
 - (k) whether entities provided sufficient information to allow users of financial statements to understand how implementing IFRS 16 changed entities' financial performance, financial position and cash flows; and
 - (l) whether entities have any feedback on the transition to IFRS 16 that could inform the IASB's future standard-setting projects.
8. The IASB also tentatively decided to ask stakeholders about applying IFRS 16 alongside IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*. Specifically, the IASB tentatively decided to include questions in the RFI to assess whether any action is needed in relation to:
- (a) how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment (or a partial extinguishment) of a lease liability (to which IFRS 9 applies) when it accounts for a rent concession in which the only change to the lease contract is the lessor's forgiveness of lease payments due from the lessee under that contract;
 - (b) the requirements in IFRS 15 which the seller-lessee applies when assessing whether the transfer of an asset in a sale and leaseback transaction is accounted for as a sale of that asset; and
 - (c) the requirements in IFRS 16 about partial gain or loss recognition for sale and leaseback transactions, considering differences between these requirements and the revenue recognition model in IFRS 15.

Information about the RFI

9. At this meeting, the IASB is asked to approve the publication of the RFI. If approved, we expect to publish the RFI around mid-June 2025.

-
10. A PIR process consists of two phases:
- (a) phase 1—initial assessment and public consultation. The IASB identifies matters to be included in the RFI and consults publicly on the matters identified.
 - (b) phase 2—consideration of evidence and presentation of findings. The IASB considers the comments from the public consultation along with the information it has gathered from any additional analysis and other consultative activities.
11. As explained in paragraph 6.52 of the *Due Process Handbook*, before the IASB publishes the RFI, it needs to be satisfied that it has sufficient information to establish the scope of the review. In [March 2025](#) the IASB established the scope of the review by approving the matters to be examined further in the RFI. The papers for the March 2025 meeting included a description of the activities the IASB and staff undertook in the first phase in accordance with the *Due Process Handbook*, and a summary of the feedback gathered.
12. Since the March 2025 meeting, the IASB members have reviewed the draft of the RFI. As set out in the draft reviewed by the IASB members, the RFI will seek information on the matters described in paragraphs 7–8 of this paper.

Question for the IASB

Question 1

1. Do IASB members approve the publication of the RFI on the PIR of IFRS 16?

Considerations about the comment period for the RFI

13. The IASB normally allows a minimum of 120 days for comment on a PIR RFI.
14. Considering the matters being examined in this PIR and also considering other public consultations on the IASB's workplan at this time, the staff do not consider there to be a need for a shortened or an extended comment period.
15. Therefore, the staff recommend the IASB set a 120-day comment period for the RFI.

Question for the IASB

Question 2

2. Do IASB members agree to setting a 120-day comment period for the RFI on the PIR of IFRS 16?