
IASB[®] meeting

Date	February 2026
Project	Post-implementation Review of IFRS 16 Leases
Topic	Feedback summary—potential improvements to future transition requirements
	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. This paper summarises responses to Question 5 in the [Request for Information Post-implementation Review of IFRS 16 Leases](#) (RFI), which asked about potential improvements to future transition requirements.
2. This paper is structured as follows:
 - (a) background information (paragraphs 4–6);
 - (b) key messages (paragraphs 7–8);
 - (c) feedback on transition requirements in IFRS 16 (paragraphs 9–15);
 - (d) stakeholders' recommendations for future standard-setting projects (paragraphs 16–24); and
 - (e) question for the International Accounting Standards Board (IASB).
3. This paper does not ask the IASB for any decisions. We think that no further analysis of the feedback is required and that the IASB does not need to discuss this topic any further during phase 2 of the Post-implementation Review (PIR) of IFRS 16. We will consider which messages and suggestions for future standard-setting projects to include in the Project Summary and Feedback Statement on this PIR.

Background information

4. Question 5 in the RFI sought suggestions for improvements to future transition requirements.

Question 5—Potential improvements to future transition requirements

Based on your experience with the transition to IFRS 16, would you recommend the IASB does anything differently when developing transition requirements in future standard-setting projects? If so, please explain how your idea would ensure:

- (a) users have enough information to allow them to understand the effect of any new requirements on entities' financial performance, financial position and cash flows; and
- (b) preparers can appropriately reduce their transition costs when implementing new requirements for the first time.

Please refer to '**Guidance for responding to questions**' on pages 7–8.

5. Question 5 was included in the RFI because the IASB would like to understand how it can improve future transition requirements. Feedback collected prior to publishing the RFI showed that the modified retrospective approach (without restating comparative information) was more commonly used for cost-benefit reasons and entities found the practical expedients helpful.

6. Stakeholders' initial perspectives on transition requirements were:

- (a) some users of financial statements (users) said transition options, practical expedients and different approaches to measure right-of-use assets relating to previous operating leases affected users' models and complicated data analyses. However, most users said entities provided enough information to allow users to understand the effect the implementation of IFRS 16 had on entities' financial performance, financial position and cash flows.
- (b) some preparers commented on the lack of availability of IT solutions at the time of transition.

Key messages

7. Many stakeholders provided feedback to Question 5 in the RFI. Of those stakeholders:
 - (a) most agreed that IFRS 16's transition requirements achieved an appropriate balance between reducing costs for preparers and providing useful information to users; and
 - (b) some said allowing multiple transition options created comparability issues.
8. Many stakeholders provided recommendations for future standard-setting projects, particularly about having multiple transition options. Most of the stakeholders who commented specifically on having multiple transition options recommended that the IASB should provide flexibility in transition options, while some others expressed concerns about allowing multiple transition options.

Feedback on transition requirements in IFRS 16

9. Many stakeholders commented on the transition approach of IFRS 16. Most of these stakeholders provided positive feedback, saying that the transition requirements achieved an appropriate balance between reducing costs for preparers and providing useful information to users. In particular, they welcomed the modified retrospective approach together with the practical expedients and exemptions and said that flexibility in transition options allowed entities to choose approaches suited to their circumstances.
10. Although most stakeholders found the modified retrospective approach to be helpful, some stakeholders (including standard-setters and preparers) said allowing multiple transition options created comparability issues—both with prior periods and with other entities that applied different transition options. A few stakeholders would have preferred full retrospective application to maintain comparability across periods or would have welcomed at least some limited comparative information.
11. Many stakeholders said disclosures at transition (particularly the reconciliation of lease liabilities recognised in accordance with IFRS 16 with operating lease commitments disclosed in prior-year financial statements in accordance with IAS 17

Leases) were sufficient to understand the effect the implementation of IFRS 16 had on entities' financial performance, financial position and cash flows. Many users said despite most entities applying the modified retrospective approach (which is not a method preferred by users), they had information to understand the changes to the entities' financial performance, financial position and cash flows resulting from the implementation of IFRS 16.¹ However, a few stakeholders said that they needed clearer explanations where material differences arose and more structured disclosures to help with their analyses.

12. Some stakeholders (including preparers and accounting firms) highlighted challenges related to the readiness of IT systems on transition, noting that immature IT systems led to higher costs, manual workarounds, and data quality issues.
13. A few stakeholders said a practical expedient not to reassess whether a contract is, or contains, a lease at the date of initial application of IFRS 16 (that is, grandfathering of contracts assessed to be leases or service contracts in accordance with IAS 17) created application challenges and complexity in subsequent periods when grandfathered leases were modified or renegotiated. This also resulted in economically similar transactions being accounted for differently, thereby reducing comparability for users.
14. One stakeholder observed that entities applying the full retrospective approach were unable to benefit from the practical expedients offered under the modified retrospective method. This limitation increased implementation complexity and costs for those seeking greater comparability.
15. Another stakeholder said the transition requirements were complex, with cross-references between paragraphs making the requirements difficult to understand.

¹ For more details about user feedback, see paragraphs 32-35 of [Agenda Paper 7E Feedback summary—users of financial statements](#) for the January 2026 IASB Meeting.

Stakeholders' recommendations for future standard-setting projects

16. Many stakeholders provided suggestions for the IASB to consider in developing transition requirements in future IFRS Accounting Standards.
17. Most of these stakeholders commented on having multiple transition options and most of them encouraged the IASB to continue using the approach used in IFRS 16 in future standard-setting projects. They said multiple transition options provide flexibility and noted that permitting full retrospective and modified retrospective approaches help entities manage costs and operational challenges without significantly compromising transparency.
18. However, some other stakeholders that commented on having multiple transition options expressed concerns. Their recommendations for the IASB varied and included:
 - (a) considering carefully, on a case-by-case basis, whether to permit multiple transition options, taking into account the scope and nature of an Accounting Standard and the related cost-benefit trade-offs. One stakeholder referred to the transition requirements in IFRS 16 and noted that permitting transition options was helpful, as the benefits of full retrospective application did not generally outweigh the costs. The stakeholder also noted that this may not apply to all Standards and that, for example, for presentation-focused Standards, full retrospective application may be more appropriate for consistency. A few stakeholders suggested that the IASB consider developing internal guidance for designing transition requirements and reliefs.
 - (b) reducing the number of transition options in future Standards to avoid complexity and improve comparability across entities and periods. A few suggested requiring a single default method with narrow exceptions.
 - (c) making full retrospective application the default transition approach for future Standards, with modified retrospective application permitted only in exceptional circumstances.

- (d) requiring comparative information to cover at least the immediately preceding period when full retrospective application is not required, to enhance comparability.
- (e) making exemptions and practical expedients available regardless of the chosen transition approach, to avoid penalising entities that select full retrospective application.

19. A few stakeholders suggested a phased transition approach (for example, starting with implementing disclosures and continuing with recognition in subsequent periods or introducing risk-based phases, depending on the entities' size and complexity) to allow preparers to spread costs and manage IT readiness.

20. A few stakeholders suggested that the IASB consider simplified and more practical transition options for smaller entities, including SMEs.

21. A few stakeholders suggested that the IASB carefully consider the cost-benefit balance when introducing practical expedients and exemptions, given that in some cases applying the expedients or exemptions could require entities to incur additional costs.

22. A few stakeholders suggested that any grandfathering provisions should be introduced with particular care, given their potentially long-lasting effects, and noted that even minor subsequent changes to long-term contracts can result in significant balance sheet effects and added complexity. Suggestions included that the IASB should consider:

- (a) exploring whether, in certain cases, grandfathered contracts could remain exempt from reassessments; and
- (b) providing additional explanatory guidance on how grandfathering or similar practical expedients could be affected by subsequent measurement requirements.

23. Some stakeholders suggested that in future standard-setting the IASB should provide more comprehensive transition support to help resolve implementation challenges and

reduce implementation costs. Stakeholders' suggestions included that the IASB provide:

- (a) enhanced guidance on the transition requirements, including:
 - (i) illustrative disclosure examples and further guidance to enhance understandability of the transition requirements; and
 - (ii) sector-specific guidance and standardised disclosure templates to reduce diversity in practice and enhance transparency on transition; and
- (b) additional guidance on the implementation of a new Standard, including illustrative examples and frequently asked questions.

24. Some stakeholders suggested how better to support technology readiness in future Standards. Recommendations included that the IASB should:

- (a) allow longer implementation periods for IT-intensive standards;
- (b) engage early with IT vendors; and
- (c) field-test the new requirements in key sectors to identify practical challenges.

Question for the IASB

Question for the IASB

Do you have any comments or questions about the feedback summary in this agenda paper?