IFRS Accounting

# Meeting report

**Emerging Economies Group**

Date **8–9 June 2026**

This document summarises a meeting of the Emerging Economies Group (EEG). The EEG was created in 2011 at the direction of the IFRS Foundation Trustees, with the aim of enhancing the participation of emerging economies in the development of IFRS Accounting Standards. The members of the EEG are nominated National Standard-Setters from emerging economies.

## Meeting report and attendance

1. This report summarises the 31st EEG meeting, held on 8–9 June 2026 in Buenos Aires, Argentina.
2. The meeting provided a platform to discuss several topics in financial reporting from the perspective of emerging economies, supporting the IFRS Foundation's mission to develop IFRS Accounting Standards that bring transparency, accountability and efficiency to financial markets around the world.
3. Attendees included International Accounting Standards Board (IASB) members Tadeu Cendon and Patrina Buchanan, IASB technical staff, and delegates from Argentina, Brazil, China, India, Indonesia, Malaysia, Mexico, Saudi Arabia, South Africa, South Korea and Türkiye.
4. Tadeu Cendon chaired the meeting.
5. Lic. José Ignacio Simonella, the President of the Argentine Federation of Professional Councils of Economic Sciences (FACPCE), delivered the introductory address and welcomed the EEG meeting delegates and observers.
6. Tadeu Cendon welcomed EEG members and observers to the meeting and expressed appreciation for the efforts of:
    - the China Accounting Standards Committee in assisting in the operation of the EEG liaison office; and
    - the FACPCE in hosting the EEG meeting.

## 31st EEG meeting agenda

7. The meeting agenda topics were:
    - the project on Provisions—Targeted Improvements;
    - the project on Risk Mitigation Accounting;

- an IASB technical update;
- profiles of neighbouring countries;
- the Post-implementation Review of IFRS 16 *Leases*;
- the project on the Statement of Cash Flows and Related Matters;
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures*; and
- an International Non-Profit Accounting Standard (INPAS) information session.

The agenda papers for the meeting are available on the IFRS Foundation's website: https://www.ifrs.org/news-and-events/calendar/2026/june/emerging-economies-group/.

## Provisions—Targeted Improvements

8. The purpose of this session was to seek EEG members' views on the IASB's responses to feedback on the Exposure Draft *Provisions—Targeted Improvements*. The IASB's responses include tentative decisions to refine aspects of the proposals and to add further application requirements and guidance to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

### Summary of feedback

#### *'Present obligation' recognition criterion*

9. One member supported withdrawing IFRIC 21 *Levies*.

10. A few other members commented on the term 'significantly worse' used in paragraph 14F(ii) of the Exposure Draft. One member expressed its stakeholders' concern about the need to apply subjective judgement in interpreting the term. Another member suggested using another term because the word 'significantly' is not clearly defined in IFRS Accounting Standards. Furthermore, the member questioned the outcome of not recognising a provision if the economic consequences for an entity that does not discharge a responsibility are 'worse' but not 'significantly worse'.

11. One member suggested strengthening paragraph 14O of the Exposure Draft. That paragraph proposes to specify that '[i]f the economic benefits are obtained, or the action is taken, over time, the past-event condition is met, and the resulting present obligation accumulates, over that time.' The member suggested clarifying in IAS 37 or the *Basis for Conclusions on IAS 37* Provisions, Contingent Liabilities and Contingent Assets that the Standard does not prohibit the progressive recognition of a provision. The member said such

a clarification would be useful, particularly in the context of common infrastructure in the property sector.

12. A few members commented on the proposed application requirements for levies:

    (a) one member welcomed the definition of a levy as a non-reciprocal charge.

    (b) one member suggested providing illustrative examples of levies—particularly those with thresholds, proxy measures, unusual legal triggers or sector-specific regulatory objectives.

    (c) another member suggested identifying any possible intersection between the proposed application requirements for levies in IAS 37 and the requirements in IAS 12 *Income Taxes*. The member said levies are like income taxes (non-reciprocal in nature and established by legislation) and differences between the requirements in the two Standards might increase complexity for preparers.

### *Costs to include*

13. A few members supported the IASB's tentative decision to clarify that the proposed requirement specifying the costs to include in the measure of a provision would apply only to provisions that would be settled by transferring goods or services. Despite their agreement:

    (a) one member suggested explicitly clarifying, in IAS 37 or the Basis for Conclusions on IAS 37, that the proposed amendments would not apply to provisions settled by paying cash; and

    (b) two other members suggested the IASB address the accounting for ancillary costs to help reduce diversity in practice for these costs.

14. A few members commented on the IASB's tentative decision not to add further application guidance or illustrative examples on the types of costs an entity should include in the measure of a provision. In particular:

    (a) one member suggested considering providing examples illustrating the boundaries between direct costs and more general costs.

    (b) another member suggested including in IAS 37 the explanation in paragraph BC66 of the Exposure Draft *Basis for Conclusions on Provisions—Targeted Improvements.* That paragraph clarifies that 'in measuring a provision, an entity includes the types of costs it would include in assessing whether a contract is onerous.’ The member said including this text in the Standard or Basis for Conclusions would improve clarity and support consistent application.

### *Discount rates*

15. One member noted that most entities do not have long-term provisions. To reduce complexity for entities applying the proposed requirements, the member suggested including a practical expedient for provisions that are not long-term in nature.

### *Transition*

16. One member suggested the IASB clarify whether it would require entities to apply the proposed requirements prospectively or whether it would provide transition relief. The member emphasised that it would be necessary to ensure smooth transition for entities while maintaining comparability between periods.

### *Matters outside the scope of the project*

17. A few members commented on matters outside the scope of the project:

    (a) a few members commented on the term ‘virtually certain’, which is used in paragraph 14G of the Exposure Draft. One member expressed its stakeholders’ concern that it would be necessary apply subjective judgement in interpreting the term. Another member emphasised the difficulty of translating the term into other languages and suggested the IASB clearly define the term if it is retained. Another member suggested using a different term—‘substantively enacted’—which the member said is ‘largely settled’ and better aligns with IAS 12.

    (b) one member, in response to the observation in paragraph 12(c), suggested the IASB consider whether the accounting for levies should be included in IAS 12, instead of IAS 37.

    (c) one member noted the Exposure Draft *Business Combinations—Disclosures, Goodwill and Impairment* proposed allowing entities to use post-tax discount rates for calculating value in use. The member asked why the IASB is not proposing something similar in IAS 37 for measuring long-term provisions.

### *General comment*

18. One member agreed with the IASB’s tentative decisions overall. The member said those tentative decisions would clarify the proposed requirements, thereby reducing diversity in practice and the need for entities to use subjective judgement, while enhancing comparability and usefulness of information.

### Next step

19. The IASB will consider EEG members' and other stakeholders' views in completing its redeliberations. The IASB expects to discuss a plan for completing the redeliberations at its meeting in June 2026.

## Risk Mitigation Accounting

20. The purpose of this session was:

    (a) to provide EEG members with an overview of the IASB's proposals in the Exposure Draft *Risk Mitigation Accounting* and an opportunity to ask questions and share views on the proposed amendments; and

    (b) to seek input from EEG members on the use of IAS 39 hedge accounting requirements in their jurisdictions.

### Summary of feedback

21. EEG members broadly agreed with the direction and objective of the project on Risk Mitigation Accounting (RMA). The proposed RMA model in the Exposure Draft is widely seen as a meaningful step towards aligning financial reporting with how banks dynamically manage interest rate risk.

22. Some members emphasised the complexity and operational challenges. A few members also asked for additional guidance and practical examples on a number of RMA model elements, if possible. IASB staff acknowledged this feedback and said that the complexity of the RMA model would be proportionate to the complexity of an entity's risk management strategy.

23. The extension of the comment period to 30 November is widely welcomed, because most members believe it allows more time for fieldwork and stakeholder engagement.

24. Furthermore, one member called for more research on the possibility of extending the RMA model to cover other types of risk, such as foreign exchange risk and commodity risk. IASB staff responded that there has been no change to the plan to focus solely on repricing risk at this stage; other risks might be considered in the future.

### *Withdrawal of IAS 39*

25. Most members agreed with the IASB's proposed withdrawal of IAS 39 *Financial Instruments: Recognition and Measurement*. Some members confirmed that entities in their jurisdictions have largely made the transition to IFRS 9 *Financial Instruments* or are aware of the proposal to withdraw IAS 39. However, an EEG member raised concerns, noting that many entities in that jurisdiction might not yet be aware of, or have assessed, the implications of such withdrawal.

26. Furthermore, some members said that entities might still be applying IAS 39 for hedge accounting or require a replacement for portfolio hedge accounting. Therefore, the extension of the comment period would help ensure those stakeholders have the opportunity to provide feedback on any potential unintended consequences.

### *Scope and eligibility*

27. One member asked the IASB to consider extending the eligibility criteria for designated derivatives, because entities in their jurisdiction often use non-derivative financial instruments to manage repricing risk.

28. Furthermore, another member said that the scope of the risk mitigation accounting might be too restrictive and could exclude the risk management activities of some insurance entities. The member suggested that RMA should be assessed together with the post-implementation reviews of IFRS 9 hedge accounting and IFRS 17 *Insurance Contracts*.

29. Some other members commented on the intersection between RMA and IFRS 9 general hedge accounting, and the resulting potential duplication in accounting and system complexity. IASB staff clarified that RMA is intended to complement IFRS 9, not replace it.

### *Disclosures*

30. Some members suggested that the IASB reconsider the costs and benefits of the proposed disclosure requirements. In particular, these members said that the rationale for requiring qualitative disclosures from entities that do not apply RMA is unclear.

31. A few members also emphasised the importance of entities making transparent disclosures to ensure useful information is provided to users of financial statements. Accordingly, disclosure of risk management strategy, key assumptions and considerations, and other key

elements of the model would be essential to the success of the proposal, provided doing so does note require undue cost or effort.

### *Application of RMA at the consolidated level*

32. A few members asked how groups with a regional presence, with individual subsidiaries each applying their own RMA, should reflect that individual application at the consolidated level when de-centralised risk management models are used. More specifically, stakeholders in these jurisdictions asked:

    (a) whether there should be a direct or automatic 'flow-through' to the group level, whereby the consolidated financial statements rely on the respective subsidiary-level RMA; or

    (b) whether the effects of subsidiary-level repricing risk management should be reversed at the group level, with RMA re-applied on a consolidated basis to ensure consistency across the group.

### Next step

33. IASB members and staff will continue stakeholder-engagement activities during the remaining comment period to better understand stakeholders' areas of particular concern and to clarify any potential misunderstandings of the proposed requirements.

## IASB technical update

34. Tadeu Cendon and Patrina Buchanan presented an update on the IASB's technical work and asked members whether they had questions about the IASB's activities or work plan.

35. One member commented on the IASB's consideration of a possible amendment to IFRS 18 *Presentation and Disclosure in Financial Statements* to allow an entity to present particular non-income tax charges—those that meet the definition of 'covered tax' under the Organisation for Economic Co-operation and Development's Pillar Two model rules—in the income taxes category of the statement of profit or loss. That member said relying on the 'covered tax' definition would not address concerns about non-income tax charges, particularly Zakat in their jurisdiction, and could lead to inconsistent classification between jurisdictions, thereby reducing consistency and comparability. The member said the definition was designed for tax policy (rather than for financial reporting), has a broad scope, and there was no comprehensive list of taxes that meet that definition. In their opinion, the

potential amendment could create uncertainty in application and might result in inappropriately classifying some levies in the income taxes category. The member suggested alternative ways to address the matter.

36. When discussing potential IASB projects, one member said that the IASB should prioritise the projects on pollutant pricing mechanisms and on crypto assets, noting increasing demand for guidance in these areas. Another member asked if any of four potential projects has any priority over others. IASB members explained that there is no single clear priority for future projects, and any new project will be started only when resources will become available.

37. One member said that they supported the amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* for entities with a non-hyperinflationary functional currency and hyperinflationary presentation currency. However, that member argued that challenges remain in consolidated financial statements where groups operate with mixed functional currencies but are required to present in a hyperinflationary currency. The member suggested a potential solution to those challenges.

38. One member asked whether the IASB had considered re-exposing the proposals in its Equity Method project for public comment. IASB members and technical staff explained why the re-exposure wasn't considered necessary.

## Neighbouring countries profile

39. Representatives of Peru and Colombia, shared information about:

    (a) standard-setting activities and their regulatory environments; and

    (b) the status of adopting and implementing IFRS Standards in their jurisdictions.

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

40. The purpose of this session was:

    (a) to provide an update on the project;

    (b) to seek members' comments and questions on:

        (i) the summary of feedback on the Request for Information *Post-implementation Review of IFRS 16* Leases (RFI); and

        (ii) the IASB's tentative decisions reached by May 2026.

## Summary of feedback

### *EEG members' comments on the RFI feedback summaries*

41. Many members commented on the feedback summaries provided in the staff papers for the January and February 2026 IASB meetings. A few members said that the feedback summaries were largely consistent with what these members had heard from stakeholders in their jurisdictions. Others made similar comments about particular parts of the feedback.

42. Many members emphasised the importance of some of the matters that the IASB will deliberate at its future meetings, including:

    (a) lack of clarity in accounting for rent concessions, which leads to diversity in practice, because some entities apply lease modification requirements in IFRS 16 (and decrease the carrying amount of the right-of-use asset) and other entities apply IFRS 9 (and recognise the effect of the rent concession in profit or loss).

    (b) lack of specific requirements for non-cash consideration for leases. Some members said that leases with non-cash consideration are common in some sectors, such as agriculture in Argentina, and the absence of specific requirements might lead to diversity in accounting.

    (c) lack of specific requirements for lessors.

    (d) asymmetry between the accounting models for lessees and lessors in IFRS 16.

    (e) complexity of determining whether the sale has occurred in a sale and leaseback transaction.

    (f) intersection between the requirements in IFRS 16 and other IFRS Accounting Standards in identifying leases in the digital economy, including in Software as a Service arrangements.

    (g) accounting for subleases.

    (h) intersection between some of the requirements in IFRS 16 and IFRS 15 *Revenue from Contracts with Customers* and IAS 40 *Investment Property.*

43. One member said the feedback in their jurisdiction was negative because, for example, preparers need to adjust financial statements to reverse the effects of IFRS 16 for the users of their financial statements.

## EEG members’ comments on the IASB’s tentative decisions to date

***Usefulness of information resulting from lessees’ application of judgement (Question 2 in the RFI)***

44. Many members commented on the IASB’s tentative decision not to take action in response to stakeholders’ feedback on the usefulness of information resulting from lessees’ application of judgement. These members said that:

    (a) the IASB should clarify the disclosure requirements relating to significant judgements made in determining lease terms, noting that:

        (i) applying the lease term requirements can be challenging in practice; and

        (ii) requiring more specific disclosures could help users better understand the judgements applied by lessees;

    (b) the IASB should consider providing additional application guidance or illustrative examples to help entities apply judgements appropriately; and

    (c) a feasible standard-setting solution that would improve lessees’ application of judgements in determining lease terms does not seem to be available.

45. Some members commented more broadly on the usefulness of information resulting from lessees’ application of judgement, for example, in determining lease terms or discount rates—specifically:

    (a) one member observed diversity in determining discount rates in their jurisdiction (for example, whether or not to use nominal or real discount rates, adjusted for the effects of inflation).

    (b) another member raised concerns about the usefulness of information resulting from the recognition of higher amounts of interest expense from lease liabilities in the early years of the lease contract (that is, an interest expense recognition pattern sometimes referred to as a ‘front-loading’ of interest expense).

46. One member noted that significant judgement in applying IFRS 16 not only creates comparability concerns for users, but also contributes to ongoing costs for preparers, particularly in determining lease terms and assessing whether a contract contains a lease.

***Usefulness of information about lessees’ lease-related cash flows (Question 3 in the RFI)***

47. One member commented on the IASB’s tentative decision to explore requiring lessees to disclose the components of the total cash outflow for leases together with the line item in the

statement of cash flows in which each component is presented. In this member's view, the project might be unnecessary or might provide limited benefits.

***Ongoing costs for lessees of applying the measurement requirements in IFRS 16 (Question 4 in the RFI)***

48. Many members commented on and generally supported the IASB's tentative decision at its March 2026 meeting to explore potential cost-reduction measures in relation to remeasurements of lease liabilities and discount rates. These members suggested various ways to reduce the ongoing costs of applying IFRS 16, including:

    (a) reducing the frequency of lease liability remeasurements.

    (b) reconsidering requirements for variable lease payments that are linked to an index or a rate.

    (c) permitting the use of simplified discount rates in some circumstances. One member said that in their local accounting requirements entities are permitted to use a risk-free rate, but this option is infrequently used by the entities.

    (d) introducing a threshold-based approach to lease modifications and requiring the use of a revised discount rate only for substantial lease modifications.

49. A few members expressed concerns about the IASB's tentative decisions not to take further action in relation to:

    (a) low-value scope exemption and the reference to US$5,000 in the *Basis for Conclusions on IFRS 16* Leases; and

    (b) intragroup leases.

50. One member said lessees applying judgement in identifying leases contributes to high ongoing costs of applying IFRS 16.

51. Another member commented on the timing of the future project to explore cost-reduction measures and said the IASB should prioritise it.

***Potential improvements to future transition requirements (Question 5 in the RFI)***

52. One member suggested that the IASB develop policy guidance on transition requirements (including transition reliefs) for use in the IASB's future standard-setting projects to help balance flexibility with concerns about complexity and comparability.

## Next step

53. The IASB will consider EEG members' comments when deliberating feedback on the RFI.

## Statement of Cash Flows and Related Matters

54. The purpose of this session was to provide an update, and obtain members' comments, on the IASB's tentative decisions in the project on the Statement of Cash Flows and Related Matters.

### Summary of feedback

55. Some members acknowledged that the project is not seeking to align the classifications of operating, investing and financing in the statement of profit or loss and the statement of cash flows. However, in these members' view, doing so could help avoid confusion and provide useful information.

56. A few members identified specific issues or developments related to the definition of cash equivalents in their jurisdictions. One member said that some entities transact using cryptocurrency, which can lead to differences in presentation compared to similar cash transactions. This member also said that regulatory frameworks specific to stablecoins are developing. Another member said that the intersection of IAS 7 *Statement of Cash Flows* and IAS 29 *Financial Reporting in Hyperinflationary Economies* can create challenges.

57. A few members said that stakeholders in their jurisdictions commented on the need for the IASB to consider the balance of costs and benefits to any new requirements, particularly those related to disaggregation and disclosure of information about non-cash transactions. One member suggested the IASB consider field-testing the proposals to assess operability, preparer effort and the usefulness of the information provided, and cautioned against the risk of disclosure overload.

58. A few members made suggestions for the proposals the IASB is developing on information about non-cash changes in specific assets and liabilities. One member suggested the IASB consider the similarities between the possible proposals and the requirements in IAS 7 to disclose changes in liabilities from financing activities, including whether the requirements could be better aligned to avoid unnecessary complexity. Another member suggested the IASB consider that different items will be relevant to different industries.

59. One member suggested the IASB consider specific proposals for separate financial statements.

### Next step

60. The IASB will consider EEG members' comments when determining how it might develop proposals to include in an exposure draft.

## IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

61. The purpose of this session was for EEG members to share their experiences and to identify common themes, challenges and good practices in adopting IFRS 19.

62. IASB technical staff introduced IFRS 19, explaining that it is a voluntary Standard that allows subsidiaries without public accountability to apply IFRS Accounting Standards with reduced disclosure requirements.

63. The representative of South Africa explained that they brought the topic to the meeting because local uptake in adopting IFRS 19 has been low and they wanted to hear how other jurisdictions are approaching adoption.

64. EEG members shared a range of experiences and observations from their jurisdictions. Many EEG members supported the objective of the Standard but some asked whether its scope should eventually be widened beyond subsidiaries. Some members suggested that broader application and evidence of benefits from subsidiaries or groups that have applied the Standard would help encourage adoption.

## International Non-Profit Accounting Standard informational session

65. A representative of the International Non-Profit Reporting Foundation presented the International Non-Profit Accounting Standard (INPAS) informational session. The representative provided an overview of INPAS and its purpose, current status and adoption considerations. IASB members and EEG members asked clarifying questions and shared their perspectives.

## Next EEG meeting

66. The 32nd EEG meeting (for the second half of 2026) will be held on 9–10 November 2026 by videoconference.