
IFRS[®] Interpretations Committee meeting

Date	March 2026
Project	Scope of the Requirement to Disclose Expenses by Nature (IFRS 18)
Topic	Comment letters on tentative agenda decision
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Introduction

1. At its November 2025 meeting, the IFRS Interpretations Committee (Committee) published a [tentative agenda decision](#) about the scope of the requirements in paragraph 83 of IFRS 18 *Presentation and Disclosure in Financial Statements*.
2. The objective of this paper is:
 - (a) to summarise and analyse comments on the tentative agenda decision; and
 - (b) to ask the Committee whether it agrees with our recommendation to finalise the agenda decision.

Structure

3. This paper includes:
 - (a) [background](#) (paragraphs 5–9);
 - (b) [comment letter summary](#) (paragraphs 10–12);
 - (c) [staff analysis](#) (paragraphs 13–27);

- (d) [staff recommendation](#) (paragraphs 28–29); and
 - (e) [questions for the Committee](#).
4. The [appendix](#) to this paper sets out the proposed wording of the agenda decision.

Background

5. Paragraph 83 of IFRS 18 requires an entity that presents one or more line items comprising expenses classified by function in the operating category of the statement of profit or loss to also disclose in a single note:
- (a) the total for each of depreciation, amortisation, employee benefits, impairment of non-financial assets (and reversals) and write-downs of inventories (and reversals); and
 - (b) for each total listed in paragraph (a):
 - (i) the amount related to each line item in the operating category; and
 - (ii) a list of any line items outside the operating category that also include amounts relating to the total.
6. The tentative agenda decision was published in response to a request that asked whether the requirements in paragraph 83 of IFRS 18 apply:
- (a) only when an entity presents operating expenses listed in paragraph 75(a)(ii) of IFRS 18 by function in the operating category of the statement of profit or loss; or
 - (b) when an entity presents any expense by function in the operating category of the statement of profit or loss, including expenses listed in paragraph 75(b)–(c) of IFRS 18. The submitter said these expenses might include amounts that have been recognised as part of the carrying amount of an asset—for example, insurance service expense recognised in the statement of profit or loss might include the amortisation of insurance acquisition costs that were previously capitalised as part of insurance contract assets.

7. The Committee observed that paragraph 83 of IFRS 18 contains no exceptions or exclusions. Therefore, the Committee concluded that paragraph 83 applies when an entity presents any line item comprising expenses classified by function in the operating category of the statement of profit or loss, including expenses classified by function listed in paragraph 75(b)–(c) of IFRS 18.
8. The Committee observed that, as paragraph B84 of IFRS 18 states, the amounts disclosed in accordance with paragraph 83 of IFRS 18 need not be the amounts recognised as an expense in the period. The amounts disclosed could include amounts that have been recognised as part of the carrying amount of an asset. If an entity applying paragraph 83(b) of IFRS 18 discloses amounts that are not the amounts recognised as an expense in the period, the entity is required to provide a qualitative explanation of that fact, identifying the assets involved.
9. The Committee concluded that the principles and requirements in IFRS 18 provide an adequate basis for an entity to determine the scope of the requirements in paragraph 83 of IFRS 18. Consequently, the Committee tentatively decided not to add a standard-setting project to the work plan and, instead, published a tentative agenda decision.

Comment letter summary

10. We received 17 comment letters by the comment letter deadline. All comment letters received, including any late comment letters, are available on our [website](#).¹ This agenda paper includes analysis of only the comment letters received by the comment letter deadline.
11. Of the 17 respondents:
 - (a) thirteen agree with the Committee’s decision not to add a standard-setting project to the work plan for the reasons set out in the tentative agenda decision. Some of these respondents nonetheless raise concerns about specific aspects of

¹ At the date of posting this agenda paper, there were no late comment letters.

the tentative agenda decision or suggest wording clarifications to the tentative agenda decision.

- (b) three do not agree or disagree with the Committee's decision but raise concerns about aspects of the tentative agenda decision.
- (c) one disagrees with the Committee's decision not to add a standard-setting project to the work plan. This respondent recommends standard-setting to address its concerns about paragraph 83(b) of IFRS 18.

12. Two of the main concerns raised by respondents relate to the application of paragraph 83 of IFRS 18 to capitalised costs and whether the agenda decision implies that all line items listed in paragraph 75 comprise expenses classified by function.

Staff analysis

13. This section analyses:
- (a) the application of paragraph 83 of IFRS 18 to capitalised costs (paragraphs 14–20);
 - (b) whether the agenda decision implies that all line items listed in paragraph 75 of IFRS 18 comprise expenses classified by function (paragraphs 21–26); and
 - (c) other comments (paragraph 27).

Applying paragraph 83 of IFRS 18 to capitalised costs

Feedback

14. Some respondents raise questions about how an entity applies the requirements in paragraph 83 of IFRS 18 to expenses that have been capitalised. For example:
- (a) Forvis Mazars and the South African Institute of Chartered Accountants say the agenda decision does not address the treatment of expenses that were capitalised in previous periods and have since been released to the statement of

profit or loss. For example, Forvis Mazars says, based on its experience, questions arise regarding expenses included in the carrying amount of an asset that are subsequently released to profit or loss through amortisation in future periods and whether an entity is required to ‘look through’ the amortisation expense for purposes of applying paragraph 83 of IFRS 18.

- (b) Credit Agricole S.A. and the French Banking Federation (FBF) ask the Committee to clarify what information should be provided to meet the disclosure requirements in paragraph 83 of IFRS 18, particularly considering expenses that were capitalised in previous periods and have since been released to the statement of profit or loss. These respondents provide examples of situations in which questions might arise that are similar to those highlighted by Forvis Mazars (see paragraph (a)). The FBF says if disclosure is necessary for capitalised expenses subsequently released to the statement of profit or loss, it thinks high-level qualitative information, rather than detailed quantitative disclosures, would suffice.
15. The Accounting Methodological Centre (AMC) expresses concerns about ‘the conceptual meaning, usability and operability of paragraph 83(b) when amounts are not expenses of the period and are instead capitalised into assets’. The AMC disagrees that IFRS 18 provides an adequate basis to resolve the request in the submission through an agenda decision and suggests adding a standard-setting project to the work plan to amend paragraph 83 of IFRS 18.

Staff analysis

16. The IASB considered questions similar to those raised by respondents in paragraph 14 of this paper when developing the requirements in paragraph 83 of IFRS 18. As paragraph 18(c)(ii) of [Agenda Paper 6](#) of the Committee’s November 2025 meeting notes:

[P]aragraph B84—which the IASB added in response to concerns about the cost of disclosing the information required by paragraph

83—states that the amounts disclosed in accordance with paragraph 83 need not be the amounts recognised as an expense in the period. The amounts disclosed could include amounts that have been recognised as part of the carrying amount of an asset. Paragraph B84(b) states that if an entity discloses, applying paragraph 83(b), amounts that are not the amounts recognised as an expense in the period, the entity is required to provide a qualitative explanation of that fact, identifying the assets involved.

17. Note 1 of paragraph IE7 of the Illustrative Examples on IFRS 18 illustrates the application of the applicable disclosure requirements and paragraphs BC269–BC271 of the Basis for Conclusions on IFRS 18 explain the IASB’s considerations in reaching its decision that amounts disclosed in accordance with paragraph 83 need not be the amounts recognised as an expense in the period.
18. The agenda decision specifically refers to the requirements in paragraph B84 of IFRS 18 to help readers understand and apply the requirements in paragraph 83 of IFRS 18. We note that the question to the Committee was about the *scope* of the requirements in paragraph 83. We think trying to address additional and more detailed questions about how an entity applies the requirements in paragraph 83 of IFRS 18 would go beyond the scope of the original submission and the source of identified diversity in views in how stakeholders are reading the requirements in paragraph 83 of IFRS 18.
19. We also note that four respondents who agree with the tentative agenda decision explicitly say the requirements in paragraphs 83 and B84 of IFRS 18 are clear. The Saudi Organisation for Chartered and Professional Accountants (SOCPA) says the reference to paragraph B84 in the tentative agenda decision is particularly helpful.

Conclusion

20. We continue to agree with the Committee’s conclusion in the tentative agenda decision that the principles and requirements in IFRS 18 provide an adequate basis to

determine the required accounting for the question asked. We think the Committee should not consider additional or more detailed questions about how an entity applies the requirement in paragraph 83 of IFRS 18. Nonetheless, we think it could be useful to add to the agenda decision a reference to Note 1 of paragraph IE7 of the Illustrative Examples on IFRS 18; this suggested change is included in the suggested wording of the agenda decision set out in the appendix to this paper.

Implying that all line items listed in paragraph 75 of IFRS 18 comprise expenses by function

Feedback

21. The Autorite des Normes Comptables (ANC) and the FBF say the wording of the tentative agenda decision could imply that all line items listed in paragraph 75 of IFRS 18 comprise expenses classified by function. The ANC says, ‘this could raise numerous questions about expenses that may combine several initial types of expenditure without this currently being understood as a function’. For example, the ANC says, ‘the amortisation or depreciation of an asset should not be considered as an expense classified by function, even if the measurement of the underlying asset includes several natures of operating expenses—for instance, raw materials and employee benefit expenses.’
22. The FBF says such a reading would contradict the IASB’s rationale for the requirements in paragraph 83 as set out in the Basis for Conclusions on IFRS 18 (see paragraphs BC259–BC276).
23. The FBF and the ANC suggest clarifying that the line items listed in paragraph 75 of IFRS 18 do not necessarily comprise expenses classified by function. The FBF also requests confirmation that the agenda decision addresses only a narrow, specific question.

Staff analysis

24. The Committee was asked whether the requirements in paragraph 83 of IFRS 18 apply:
- (a) only when an entity presents operating expenses listed in paragraph 75(a)(ii) of IFRS 18 by function in the operating category of the statement of profit or loss; or
 - (b) when an entity presents any expense by function in the operating category of the statement of profit or loss, including expenses listed in paragraph 75(b)–(c) of IFRS 18.
25. The Committee was not asked about, nor was it intending to comment on, whether the line items listed in paragraph 75 of IFRS 18 comprise expenses that are classified by nature or function. We think the agenda decision as drafted does not imply all line items listed in paragraph 75 of IFRS 18 comprise expenses that are classified by function. The agenda decision also accurately describes the question the Committee was asked to address.

Conclusion

26. Notwithstanding our view that the agenda decision as drafted does not imply that all line items listed in paragraph 75 of IFRS 18 comprise expenses that are classified by function, we suggest a change to the wording of the agenda decision (as set out in the appendix to this paper) to further clarify this point.

Other comments

27. The following table summarises other comments raised by the respondents, together with our analysis of those comments.

Respondent's comment	Staff analysis and conclusion
<p><i>1. Remove from the agenda decision a sentence that is not useful—regarding amounts recognised as part of an asset.</i></p> <p>Forvis Mazars proposes to delete from the agenda decision the following sentence because, in their view, it is not useful and is not used in the Committee's analysis:</p> <p style="padding-left: 40px;">The request says these expenses might include amounts that have been recognised as part of the carrying amount of an asset—for example, insurance service expense recognised in the statement of profit or loss might include the amortisation of insurance acquisition costs that were previously capitalised as part of insurance contract assets.</p>	<p><i>We recommend no change.</i></p> <p>The sentence identified by the respondent is helpful in explaining the context of the question and is part of the submission received by the Committee.</p>
<p><i>2. Add to the agenda decision a reminder that other requirements in IFRS Accounting Standards do not override paragraph 83 of IFRS 18.</i></p>	<p><i>We recommend no change.</i></p> <p>We think the suggestion is unnecessary—the agenda decision already states:</p>

Respondent's comment	Staff analysis and conclusion
<p>SOCPA suggests adding to the agenda decision a clarifying statement that presentation or disclosure requirements in other IFRS Accounting Standards do not, by themselves, remove the requirement to apply the requirements in paragraph 83 of IFRS 18 when the relevant conditions are met.</p>	<p>The Committee observed that paragraph 83 of IFRS 18 contains no exceptions or exclusions. That means, for example, that the reason for classifying an expense by function—that is, classifying an expense by function applying an entity's judgement or because of a requirement in an IFRS Accounting Standard—is irrelevant in determining whether an entity is required to apply paragraph 83.</p>
<p><i>3. Complying with paragraph 83 of IFRS 18 could be burdensome.</i></p> <p>The Organismo Italiano di Contabilita (OIC) says system enhancements required to collect the information requested by paragraph 83 of IFRS 18, particularly for the insurance sector, are burdensome and the cost of providing the information might outweigh the benefits.</p>	<p><i>We recommend no action.</i></p> <p>As paragraph 18(c)(i)–(ii) of Agenda Paper 6 for the Committee's November 2025 meeting notes:</p> <p>(i) the IASB considered cost and benefit trade-offs when developing the requirements in IFRS 18 (see paragraphs BC259–BC276 of the Basis for Conclusions on IFRS 18), and it is not the Committee's role to reevaluate those trade-offs.</p>

Respondent's comment	Staff analysis and conclusion
	(ii) paragraph B84—which the IASB added in response to concerns about the cost of disclosing the information required by paragraph 83—states that the amounts disclosed in accordance with paragraph 83 need not be the amounts recognised as an expense in the period...

Staff recommendation

28. Based on our analysis, we recommend finalising the agenda decision, as published in [IFRIC Update](#) in November 2025, with changes to the wording of the tentative agenda decision as explained in paragraphs 20 and 26 and with a few other minor changes—these changes are marked in the appendix to this paper.
29. If the Committee agrees with our recommendation, we will ask the IASB whether it objects to the agenda decision at the first IASB meeting at which it is practicable to present the agenda decision.

Questions for the Committee

1. Does the Committee agree with our recommendation to finalise the agenda decision as explained in paragraph 28?
2. Do Committee members have any comments on the wording of the agenda decision in the appendix to this paper?
3. Do Committee members have additional observations they would like to report to the IASB regarding this matter?

Appendix—Proposed wording of the agenda decision

A1. We propose the following wording for the final agenda decision (new text is underlined and deleted text is struck through).

Scope of the Requirement to Disclose Expenses by Nature (IFRS 18 *Presentation and Disclosure in Financial Statements*)

The Committee received a request about the scope of the requirements in paragraph 83 of IFRS 18.

Paragraph 75 of IFRS 18 requires an entity to present line items in the statement of profit or loss, including for:

- (a) operating expenses (paragraph 75(a)(ii)); and
- (b) amounts required by IFRS 9 *Financial Instruments* and IFRS 17 *Insurance Contracts* (paragraph 75(b)–(c)).

Paragraph 83 of IFRS 18 requires an entity that presents one or more line items comprising expenses classified by function in the operating category of the statement of profit or loss to also disclose, in a single note, amongst other things, the total and the amount related to ~~included in each line item~~ in the operating category for depreciation, amortisation, employee benefits, impairment of non-financial assets (and reversals) and write-downs of inventories (and reversals).

Question

The request asked ~~asks~~ whether the requirements in paragraph 83 of IFRS 18 apply:

- (a) only when an entity presents operating expenses listed in paragraph 75(a)(ii) of IFRS 18 by function in the operating category of the statement of profit or loss; or
- (b) when an entity presents any expense by function in the operating category of the statement of profit or loss, including expenses listed in paragraph 75(b)–(c) of IFRS 18. The request said ~~says~~ these expenses might include amounts that have been recognised as part of the carrying amount of an asset—for example, insurance service expense recognised in the statement of profit or loss might include the

amortisation of insurance acquisition costs that were previously capitalised as part of insurance contract assets.

Applying the applicable requirements

The Committee observed that paragraph 83 of IFRS 18 contains no exceptions or exclusions. That means, for example, that the reason for classifying an expense by function—that is, classifying an expense by function applying an entity’s judgement or because of a requirement in an IFRS Accounting Standard—is irrelevant in determining whether an entity is required to apply paragraph 83.

Therefore, the Committee concluded that paragraph 83 of IFRS 18 applies when an entity presents any line item comprising expenses classified by function in the operating category of the statement of profit or loss, including expenses ~~classified by function~~ listed in paragraph 75(b)–(c) of IFRS 18 that are classified by function.

The Committee observed that, as paragraph B84 of IFRS 18 states, the amounts disclosed in accordance with paragraph 83 of IFRS 18 need not be the amounts recognised as an expense in the period. The amounts disclosed could include amounts that have been recognised as part of the carrying amount of an asset. If an entity applying paragraph 83(b) of IFRS 18 discloses amounts that are not the amounts recognised as an expense in the period, the entity is required to provide a qualitative explanation of that fact, identifying the assets involved. Note 1 of paragraph IE7 of the Illustrative Examples on IFRS 18 illustrates the application of the applicable disclosure requirements, including paragraph B84 of IFRS 18.

Conclusion

The Committee concluded that the principles and requirements in IFRS 18 provide an adequate basis for an entity to determine the scope of the requirements in paragraph 83 of IFRS 18. Consequently, the Committee [decided] not to add a standard-setting project to the work plan.