IFRS Accounting

Staff paper

Agenda reference: 13D

IASB® meeting

Date	**September 2026**
Project	**Equity Method**
Topic	**Effective date and early application**
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Purpose of this paper

1. The purpose of this paper is to ask the International Accounting Standards Board (IASB) to decide on the effective date of the revised IAS 28 *Investments in Associates and Joint Ventures*.

2. References to 'investor', 'associate' and 'significant influence' should be read as also referring to 'joint venturer', 'joint venture' and 'joint control' in relation to investments in joint ventures in consolidated financial statements.[1]

Staff recommendation

3. The staff recommends that an investor apply the revised IAS 28 for annual reporting periods beginning on or after 1 January 2030, with early application permitted, assuming the IASB issues the revised Standard in the first half of 2027. Where an investor applies the revised IAS 28 before the effective date, the fact should be disclosed.

[1] Entities are permitted to use the equity method in separate financial statements for investments in subsidiaries, joint ventures and associates.

Structure of this paper

4. This paper is structured as follows:

   (a) requirements of the *Due Process Handbook* (paragraphs 5–7);

   (b) staff analysis (paragraphs 8–20);

   (c) staff conclusion (paragraphs 21–22); and

   (d) staff recommendation and questions for the IASB (paragraph 23).

Requirements of the *Due Process Handbook*

5. Paragraphs 6.33 and 6.38 of the *Due Process Handbook* discuss effective date in finalising a new or an amendment to an IFRS Accounting Standard.[2]

6. Paragraph 6.33 of the *Due Process Handbook* states:

   > The mandatory (integral) parts of a Standard are:
   >
   > (a) the principles and the related application guidance;
   >
   > (b) the defined terms; and
   >
   > (c) the effective date and transition paragraphs.

7. Paragraph 6.38 of the *Due Process Handbook* states:

   > A Standard or an amendment to a Standard has an effective date and transition requirements. The effective date is set so that jurisdictions have sufficient time to incorporate the new requirements into their legal systems or other systems of financial reporting requirements and those applying the Standards have sufficient time to prepare for the new requirements.

[2] On 30 April 2026, the IFRS Foundation issued the revised *Due Process Handbook*.

Staff analysis

8. The IASB did not propose an effective date in the Exposure Draft.

9. Taking into consideration paragraph 6.38 of the *Due Process Handbook*, if the IASB give the staff the permission to start the balloting process (see Agenda Paper 13E *Due process* of this month's meeting) and the revised IAS 28 is issued in the first half of 2027, the IASB could set the effective date as:

   (a) 1 January 2028 (at least six months from issue, see paragraph 13);

   (b) 1 January 2029 (at least 18 months from issue, see paragraphs 14–15); or

   (c) 1 January 2030 (at least 30 months from issue, see paragraphs 16–18).

10. An effective date after 1 January 2030, for example 1 January 2031, would provide a transition period of 42 months. The changes to the current version of IAS 28 being introduced by the revised IAS 28 are not so significant that preparers would need this period of time to prepare.

11. In recommending the effective date, the staff considered the following factors:

   (a) the changes being introduced by the revised IAS 28 compared to the current IAS 28. There are a number of significant additions to the current requirements, including defining the cost of an investment on initial recognition, including requirements relating to changes in ownership interests while retaining significant influence or joint control, allowing an accounting policy choice for recognising gains and losses on transactions with associates and requiring new disclosures.

   (b) endorsement process in jurisdictions. Of the 112 comment letters, 45 comment letters are from Europe. The European Union and the United Kingdom have a formal adoption process that requires further public consultation.

   (c) translation. In addition to the use of the equity method in consolidated financial statements, the equity method of accounting is used in separate financial statements (including accounting for investments in subsidiaries) in some jurisdictions in Latin America. Translation of the revised IAS 28 will be important for stakeholders in these jurisdictions.

12. At its meeting in July 2026, when discussing transitional requirements related to impairment (paragraphs 46–57 of Agenda Paper 13B *Transition requirements in IAS 28 (revised 202x)*), an IASB member noted it would be important to provide a transition period that provided investors with sufficient time to estimate an investment's recoverable amount at the transition date if it expects the investment's carrying amount will significantly increase on transition.

Effective date of 1 January 2028

13. Assuming the revised IAS 28 is issued in H1 2027, the earliest it can be effective is 1 January 2028. However, this would give stakeholders only six months to prepare for implementing the revised IAS 28. The staff thinks that this is too short a time period for preparers.

Effective date of 1 January 2029

14. An effective date of 1 January 2029 would give stakeholders approximately 18 months to prepare for implementing the revised IAS 28.

15. Considering the factors highlighted in paragraph 11, a transition period of approximately 18 months might appear sufficient for some investors. An example would be an investor that has transactions with associates and intends to recognise the gains and losses in full, while not affected by other amendments to IAS 28. However, when considering the comment from an IASB member in paragraph 12 of this paper, a transition period of 18 months may not be sufficient to estimate the recoverable amount of the investment for an investor that may be affected by the revised impairment requirements. To illustrate, if the effective date of the revised IAS 28 is 1 January 2029, this means that the date of transition would be 1 January 2028 which means the impairment test must be performed as at 31 December 2027.

Effective date of 1 January 2030

16. An effective date of 1 January 2030 would give stakeholders approximately 30 months to prepare for implementing the revised IAS 28.

17. A transition period of approximately 30 months would be sufficient for stakeholders to complete adoption processes and would address the factors highlighted in paragraphs 11–12 of this paper.

18. A 30-month transition period could be perceived as excessive for investors that are not exposed to the significant changes introduced in the revised IAS 28. For example, if an investor wishes to benefit from the accounting policy choice to recognise in full gains and losses from transactions with an associate, waiting for more than two years would seem disadvantageous. Permitting early application of the amendments to IAS 28 would address such a situation.

Other consideration—Amendments to the Fair Value Option for Investments in Associates and Joint Ventures

19. In June 2026, the IASB issued amendments to IAS 28 that clarify which investments in associates and joint ventures an investor is eligible to measure using the fair value option in the Standard (the Amendments). An investor is eligible to apply the Amendments when it first applies IFRS 18 *Presentation and Disclosure in Financial Statements*. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027.

20. The staff considered whether the Amendments have implications on setting the effective date of the revised IAS 28. If the IASB gives the staff permission to start the balloting process for the revised IAS 28 (see Agenda Paper 13E of this month's meeting), it is expected that it will be issued in the first half of 2027. IFRS 18 and the Amendments to IAS 28 would be effective when the revised IAS 28 is issued (and consequently, when the revised Standard becomes effective) therefore no action would be needed.

Staff conclusion

21. The staff recommends, taking into consideration the discussion in paragraphs 8–20, an effective date of 1 January 2030 would give jurisdictions sufficient time to complete endorsement processes and preparers sufficient time to prepare for application of the revised IAS 28.

22. Early application should also be permitted; where an investor applies the revised IAS 28 before the effective date, the fact should be disclosed.

Staff recommendation and questions for the IASB

23. The staff recommends that an investor apply the revised IAS 28 for annual reporting periods beginning on or after 1 January 2030, with early application permitted, assuming the IASB issues the revised IAS 28 in the first half of 2027. Where an investor applies the revised IAS 28 before the effective date, the fact should be disclosed.

Questions for the IASB
1. Does the IASB have any comments on the paper? 2. Does the IASB agree with the staff recommendation in paragraph 23?