

Staff condensed summary of the IASB's tentative decisions

A full record of the IASB's tentative decisions on the Second Comprehensive Review of the IFRS for SMEs Standard is available from [IASB Updates](#).

All drafting in this summary is illustrative only and subject to change.

Topic	Corresponding IFRS Standard	IASB meeting	Does the IASB decision result in proposed changes to the IFRS for SMEs Standard?
<i>Tentative decisions highlighted in orange result in proposed changes to the IFRS for SMEs Standard</i>			
Project plan for the second phase of the review			
1. The IASB tentatively decided: <ul style="list-style-type: none"> to move the project from its research programme to its standard-setting work plan. to confirm that the scope of the review is as set out in the Request for Information. to work towards publishing an exposure draft, proposing amendments to the <i>IFRS for SMEs</i> Standard for new requirements that are in the scope of the review. to develop proposed amendments to the <i>IFRS for SMEs</i> Standard using the approach on which the IASB consulted in the Request for Information. This approach treats alignment with IFRS Standards as the starting point, and applies the principles of relevance to SMEs, simplicity and faithful representation, including the assessment of costs and benefits, in determining whether and how that alignment should take place. 	-	March 2021	-

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Deliberation for specific sections of the <i>IFRS for SMEs</i> Standard			
Concepts and Pervasive Principles			
<p>2. The IASB tentatively decided to propose:</p> <ul style="list-style-type: none"> retaining Section 2 <i>Concepts and Pervasive Principles</i> as part of the <i>IFRS for SMEs</i> Standard; aligning Section 2 with the 2018 <i>Conceptual Framework</i> and to emphasise that the requirements in the other sections of the <i>IFRS for SMEs</i> Standard take precedence over what Section 2 would otherwise require; undertaking a review for potential inconsistencies between a revised Section 2 and other sections of the <i>IFRS for SMEs</i> Standard when the IASB has completed its deliberations on proposed amendments to the <i>IFRS for SMEs</i> Standard; and retaining the concept of 'undue cost or effort'. 	2018 <i>Conceptual Framework</i>	May 2021	YES
Business Combinations			
<p>3. The IASB tentatively decided to propose amendments to Section 19 <i>Business Combinations and Goodwill</i> of the <i>IFRS for SMEs</i> Standard. The proposals would:</p> <ul style="list-style-type: none"> align the definition of a business in the <i>IFRS for SMEs</i> Standard with the amended definition of a business issued in the amendments to IFRS 3 <i>Business Combinations</i> in October 2018 by reproducing, in a new appendix to Section 19, application guidance that includes: <ul style="list-style-type: none"> the optional concentration test set out in paragraphs B7A–B7B of IFRS 3; a decision tree to assess whether an acquired process is substantive; and the application guidance for the assessment set out in paragraphs B8–B12D of IFRS 3, alongside some illustrative examples. partially align Section 19 with the requirements for acquisition-related costs and contingent consideration, as set out in IFRS 3, requiring an entity: 	IFRS 3 <i>Business Combinations</i>	December 2021	YES

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<ul style="list-style-type: none"> to recognise acquisition-related costs as an expense at the time of the acquisition. to recognise contingent consideration at fair value and subsequently measure it at fair value at each reporting date, with changes in fair value recognised in profit or loss (except for the subsequent measurement of any contingent consideration that meets the definition of an equity instrument). If measuring contingent consideration at fair value would involve undue cost or effort, an entity would be required to measure the contingent consideration using a 'best estimate' (the most likely outcome)—with changes in the subsequent measurement being recognised in profit or loss—and provide the related disclosures. add the requirements set out in IFRS 3 on accounting for an acquisition achieved in stages (step acquisitions). introduce guidance (in the new appendix to Section 19) for a new entity formed in a business combination, as set out in paragraph B18 of IFRS 3 and the application guidance set out in paragraphs B13–B17 of IFRS 3. 			
4. The IASB tentatively decided to retain unchanged the requirement in Section 19 that an entity measure any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.	IFRS 3 <i>Business Combinations</i>	December 2021	NO
Financial Instruments			
5. The IASB tentatively decided to propose an amendment to the IFRS for SMEs Standard, subject to the wording of the amendment, to supplement the examples in Section 11 <i>Basic Financial Instruments</i> with a principle for classifying financial assets based on their contractual cash flow characteristics.	IFRS 9 <i>Financial Instruments</i>	May 2021	YES
6. The IASB tentatively decided to propose an amendment to the <i>IFRS for SMEs</i> Standard to remove an entity's option to apply the recognition and measurement requirements for financial instruments in full IFRS Standards.	IFRS 9 <i>Financial Instruments</i>	October 2021	YES

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7. The IASB tentatively decided to retain unchanged the hedge accounting requirements in Section 12 <i>Other Financial Instrument Issues</i> of the IFRS for SMEs Standard.	IFRS 9 <i>Financial Instruments</i>	October 2021	NO
8. The IASB tentatively decided to propose amendments to Section 11 by adding the definition of a 'financial guarantee contract' from IFRS 9.	IFRS 9 <i>Financial Instruments</i>	December 2021	YES
Consolidated Financial Statements			
9. The IASB tentatively decided to propose amendments to Section 9 <i>Consolidated and Separate Financial Statements</i> of the IFRS for SMEs Standard to align partially with IFRS 10 <i>Consolidated Financial Statements</i> , by: <ul style="list-style-type: none"> aligning the definition of control in Section 9 with that in IFRS 10; and retaining and updating the rebuttable presumption in paragraph 9.5 of the IFRS for SMEs Standard relating to the assessment of control. 	IFRS 10 <i>Consolidated Financial Statements</i>	December 2021	YES
10. The IASB tentatively decided not to introduce in the IFRS for SMEs Standard the requirement that an investment entity measures its investments in subsidiaries at fair value through profit and loss.	IFRS 10 <i>Consolidated Financial Statements</i>	December 2021	NO
Joint Arrangements			
11. The IASB tentatively decided to propose amendments to Section 15 <i>Investments in Joint Ventures</i> of the IFRS for SMEs Standard to align partially with IFRS 11 <i>Joint Arrangements</i> , by aligning the definition of joint control in Section 15 with that in IFRS 11.	IFRS 11 <i>Joint Arrangements</i>	December 2021	YES

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12. The IASB tentatively decided to retain: <ul style="list-style-type: none"> the classifications of joint arrangements: 'jointly controlled operations', 'jointly controlled assets' and 'jointly controlled entities'; and the accounting requirements of Section 15, including the accounting policy election for jointly controlled entities. 	IFRS 11 <i>Joint Arrangements</i>	December 2021	NO
Fair value measurement			
13. The IASB tentatively decided: <ul style="list-style-type: none"> to align the definition of fair value in the <i>IFRS for SMEs</i> Standard with that in IFRS 13 <i>Fair Value Measurement</i>; to align the guidance on fair value measurement in the <i>IFRS for SMEs</i> Standard with that in IFRS 13 by including the principles of the fair value hierarchy set out in IFRS 13; to include examples relevant to SMEs that illustrate how to apply the hierarchy; and to move the guidance and related disclosure requirements for fair value to a new section of the <i>IFRS for SMEs</i> Standard. 	IFRS 13 <i>Fair Value Measurement</i>	October 2021	YES
Regulatory Deferral Accounts			
14. The IASB tentatively decided to consider amending the <i>IFRS for SMEs</i> Standard to include requirements for regulatory assets and regulatory liabilities in a future review of the <i>IFRS for SMEs</i> Standard.	IFRS 14 <i>Regulatory Deferral Accounts</i>	October 2021	NO

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Revenue			
15. The IASB tentatively decided: <ul style="list-style-type: none"> to develop amendments to the <i>IFRS for SMEs</i> Standard to align it with IFRS 15 <i>Revenue from Contracts with Customers</i> by rewriting Section 23 <i>Revenue</i> of the <i>IFRS for SMEs</i> Standard to reflect the principles and language used in IFRS 15; and to consider providing transition relief by permitting an entity to continue its current revenue recognition policy for any contracts already in progress at the transition date or scheduled to be completed within a set time after the transition date. 	IFRS 15 <i>Revenue from Contracts with Customers</i>	October 2021	YES
Lease			
16. The IASB tentatively decided: <ul style="list-style-type: none"> to retain Section 20 <i>Leases</i> of the <i>IFRS for SMEs</i> Standard unchanged; to consider amending the <i>IFRS for SMEs</i> Standard to align with IFRS 16 <i>Leases</i> in a future review of the Standard; and not to pursue improving disclosure requirements for operating leases without changing the recognition and measurement requirements in Section 20. 	IFRS 16 <i>Leases</i>	November 2021	NO
Employee benefits			
17. The IASB tentatively decided: <ul style="list-style-type: none"> to propose amendments to the <i>IFRS for SMEs</i> Standard to align the recognition requirements for termination benefits in Section 28 of the <i>IFRS for SMEs</i> Standard with the 2011 amendments to IAS 19 <i>Employee Benefits</i>; and to retain the accounting policy option in paragraph 28.24 of the <i>IFRS for SMEs</i> Standard. 	IAS 19 <i>Employee Benefits</i>	November 2021	YES

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18. The IASB tentatively decided: <ul style="list-style-type: none"> to propose removing paragraph 28.19 of the <i>IFRS for SMEs</i> Standard. to include in the Invitation to Comment an alternative proposal clarifying how to apply paragraph 28.19 of the <i>IFRS for SMEs</i> Standard, if stakeholders do not agree to remove paragraph 28.19. 	-	November 2021	YES
Narrow scope amendments to IFRS Standards and IFRIC Interpretations			
19. The IASB tentatively decided to propose amendments to the <i>IFRS for SMEs</i> Standard to align it with <i>Agriculture: Bearer Plants</i> (Amendments to IAS 16 and IAS 41), with an exemption so that if, at initial recognition, separation of the bearer plants from the produce growing on bearer plants would involve undue cost or effort, an entity would not be required to separate bearer plants from the produce growing on bearer plants.	IAS 16 <i>Property, Plant and Equipment</i> , IAS 41 <i>Agriculture</i>	December 2021	YES
20. The IASB tentatively decided to propose amendments to the <i>IFRS for SMEs</i> Standard to align it with a package of amendments to IAS 1: <ul style="list-style-type: none"> <i>Definition of Material</i> (Amendments to IAS 1 and IAS 8); <i>Disclosure Initiative</i> (Amendments to IAS 1); and <i>Disclosure of Accounting Policies</i> (Amendments to IAS 1 and IFRS Practice Statement 2). 	IAS 1 <i>Presentation of Financial Statements</i>	December 2021	YES
21. The IASB tentatively decided to propose amendments to the <i>IFRS for SMEs</i> Standard to align it with the amendments discussed in Agenda Paper 30I <i>Amendments to IFRS Standards and IFRIC Interpretations (topics with amendments recommended)</i> of the December 2021 IASB meeting.	Various IFRS Standards and IFRIC Interpretations	December 2021	YES
22. The IASB tentatively decided to retain the <i>IFRS for SMEs</i> Standard unchanged for the amendments discussed in Agenda Paper 30J <i>Amendments to IFRS Standards and IFRIC Interpretations (topics with no amendments recommended)</i> of the December 2021 IASB meeting.	Various IFRS Standards and IFRIC Interpretations	December 2021	NO

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Other topics			
<p>23. The IASB tentatively decided to retain unchanged the <i>IFRS for SMEs</i> Standard for the topics identified in Agenda Paper 30E <i>Towards an exposure draft—other topics with no amendments recommended</i> of the November 2021 IASB meeting, considering the feedback on the Request for Information, except for the recognition and measurement of developments costs. Agenda Paper 30E discusses feedback on topics not addressed by the <i>IFRS for SMEs</i> Standard and topics respondents have brought to the IASB's attention relating to the <i>IFRS for SMEs</i> Standard.</p> <p>24. The IASB decided to explore possible changes to the recognition and measurement of developments costs in the <i>IFRS for SMEs</i> Standard at a future meeting.</p>	Various IFRS Standards	November 2021	NO
<p>25. The IASB tentatively decided to propose amendments to Section 26 <i>Share-based Payment</i> of the <i>IFRS for SMEs</i> Standard to include scope exclusions similar to those in paragraph 5 of IFRS 2 <i>Share-based Payment</i>.</p>	IFRS 2 <i>Share-based Payment</i>	December 2021	YES
<p>26. The IASB tentatively decided to retain the requirements in Section 26 on share-based payments with settlement options unchanged.</p>	IFRS 2 <i>Share-based Payment</i>	December 2021	NO
<p>27. The IASB tentatively decided to retain paragraph 22.7(a) of the <i>IFRS for SMEs</i> Standard unchanged.</p>	-	December 2021	NO