



JURISDICTIONAL PROFILE: **Ecuador**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Ecuador. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact [permissions@ifrs.org](mailto:permissions@ifrs.org).

Profile last updated: 16 June 2016

**RELEVANT JURISDICTIONAL AUTHORITY**

Organisation	Superintendencia de Compañías del Ecuador [Companies' Supervisory Authority of Ecuador].
Role of the organisation	The Companies' Supervisory Authority is the institution that controls, oversees, and promotes the securities markets and business sector by providing the appropriate regulatory framework and services. As such it contributes to the confidence in, and transparency of, business activities in Ecuador.
Website	<a href="http://www.supercias.gob.ec">www.supercias.gob.ec</a>
Email contact	<a href="mailto:gfalcon@supercias.gob.ec">gfalcon@supercias.gob.ec</a>

**COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS**

Has the jurisdiction made a public commitment in support of moving towards a Yes.

single set of high quality global accounting standards?

Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?

Yes.

What is the jurisdiction's status of adoption?

Ecuador has already adopted IFRS Standards for all or some companies.

IFRS Standards are mandatory for listed companies other than financial institutions and for other companies under the control/supervision of the Companies Supervisory Authority. Banks, insurance companies, and other financial institutions that are under the control/supervision of the Superintendency of Banks and Insurance Companies must use standards issued by that regulator.

Additional comments provided on the adoption status?

For companies other than banks, insurance companies, and other financial institutions, Ecuador adopted IFRS Standards in a phased approach as outlined in Resolution No. 2008.11.20 08.G.DSC.010 issued by the Superintendent of Companies and published in Official Gazette No. 498 of 31 December 2008, as follows:

- Since 1 January 2010, all companies subject to the requirements of the Securities Act and all other companies required by law to have an external audit have been required to use IFRS Standards.
- Since 1 January 2011, all companies with assets greater than US\$ 4,000,000 at 31 December 2007; holding companies and consolidated groups; state-owned entities; and foreign-invested entities have been required to use IFRS Standards.
- Since 1 January 2012, all other companies have been required to use IFRS Standards, except that companies that meet the following conditions may use the *IFRS for SMEs* Standard:
  - —Total annual sales revenue less than US\$ 5,000,000; and
  - —Total assets less than US\$ 4,000,000; and
  - —Total number of employees less than 200 (annual weighted average).

If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.

Not applicable.

## EXTENT OF IFRS APPLICATION

*For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?

Yes, all domestic companies whose securities trade in a public market other than financial institutions are required to use IFRS Standards.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?

Required.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?	All.
Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?	Yes.
For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?	Required.
For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?	<p>Required for the following classes of companies whose securities do not trade in a public market:</p> <ul style="list-style-type: none"> <li>• Companies required by law to have an external audit must use IFRS Standards.</li> <li>• Companies with assets greater than US\$ 4,000,000 at 31 December 2007; holding companies and consolidated groups; state-owned entities; and foreign-invested entities.</li> </ul> <p>Permitted for other companies. Some companies may choose the <i>IFRS for SMEs</i> Standard.</p>
If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?	Not applicable.

*For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?	Yes.
If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?	Required.
Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?	All.

## IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?	IFRS Standards as issued by the Board, ie standards and amendments are adopted/endorsed as and when issued by the IASB.
The auditor's report and/or the basis of presentation footnote states that financial	IFRS Standards.

statements have been prepared in conformity with:

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?	No.
Are IFRS Accounting Standards incorporated into law or regulations?	Yes.
If yes, how does that process work?	IFRS Standards were adopted by Resolution No. 2008.11.20 08.G.DSC.010 issued by the Superintendent of Companies.
If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?	Not applicable.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?	No.
If yes, what is the process?	Not applicable.
If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?	New and amended IFRS Standards become requirements automatically under Resolution No. 2008.11.20 08.G.DSC.010 issued by the Superintendent of Companies.
Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?	No.
If yes, what are the changes?	Not applicable.
Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?	None.

## TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language?	The IFRS Foundation develops and publishes a Spanish translation of IFRS Standards.
If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards?	The translation follows the official IFRS Foundation translation process.

## APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the <i>IFRS for SMEs</i> Accounting Standard for at least some SMEs?	Yes. Ecuador has adopted the <i>IFRS for SMEs</i> Standard effective in 2012.
If no, is the adoption of the <i>IFRS for SMEs</i> Accounting Standard under consideration?	Not applicable.

Did the jurisdiction make any modifications to the *IFRS for SMEs* Accounting Standard? No.

If the jurisdiction has made any modifications, what are those modifications? Not applicable.

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Which SMEs use the *IFRS for SMEs* Accounting Standard in the jurisdiction, and are they required or permitted to do so? The Superintendent of Companies permits the use of the *IFRS for SMEs* Standard by all companies that are not registered under the Securities Act and that meet the following conditions:

- Total annual sales revenue less than US\$ 5,000,000; and
- Total assets less than US\$ 4,000,000; and
- Total number of employees less than 200 (annual weighted average).

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For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use? Full IFRS Standards.

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Other comments regarding use of the *IFRS for SMEs* Accounting Standard? None.