

Definition of close members of the family of a person (IAS 24 *Related Party Disclosures*)—March 2015

The Interpretations Committee received a submission regarding the definition of close members of the family of a person in paragraph 9 of IAS 24.

The submitter points out that the definition of close members of the family of a person in paragraph 9 does not specify that the parents of a person could be included in this definition. The submitter thinks that this definition should include a person's parents, because in its view they are among the closest members of the family of a person who may be expected to influence, or be influenced by, that person in their dealings with the entity. The submitter further observes that local regulations in some jurisdictions include the parents of a person within the definition of 'close members of the family of a person'.

The submitter suggests that the Interpretations Committee could:

- a. specify that this definition includes 'persons who are considered to be close members of the family according to the law or the prevailing customary norms in the jurisdiction where the entity operates'; and
- b. remove the examples of 'close members of the family of a person' from the definition.

The Interpretations Committee observed that the definition of close members of the family of a person in paragraph 9 of IAS 24:

- a. is expressed in a principle-based manner and involves the use of judgement to determine whether members of the family of a person (including that person's parents) are related parties or not; and
- b. includes a list of family members that are always considered close members of the family of a person.

The Interpretations Committee further noted that the list of family members in paragraph 9(a)–(c) is non exhaustive and does not preclude other family members from being considered as close members of the family of a person. Consequently, the Interpretations Committee thought that other family members, including parents or grandparents, could qualify as close members of the family depending on the assessment of specific facts and circumstances.

In the light of the existing IFRS requirements, the Interpretations Committee determined that neither an Interpretation nor an amendment to a Standard was necessary and therefore decided not to add this issue to its agenda.