



IFRS Alert

IASB extends COVID-19 rent related concessions

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Executive Summary

The International Accounting Standards Board (IASB) has issued 'Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)', an extension to the practical expedient period in the amendments to IFRS 16 'Leases' made last year. This extension is for one year, so the application period now extends until 30 June 2022.

In May 2020, the IASB published an amendment 'COVID-19-Related Rent Concessions (amendment to IFRS 16)' (the amendment). The amendment added a practical expedient to the Standard which provides relief for lessees in assessing whether specific COVID-19 rent concessions are considered to be lease modifications. Instead, if this practical expedient is applied, these rent concessions are treated as if they are not lease modifications.

In light of the impact the COVID-19 pandemic has had on business activity across the world, and response from feedback received from stakeholders, the IASB decided to extend this relief for one year to provide relief for recent concessions in relation to COVID-19 that reduce payments up until 30 June 2022.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021.



Our thoughts

We welcome these amendments to extend the scope and the effective date of the relief for another year. The Covid-19 pandemic is still very prevalent around the world and therefore it is reasonable that lessors would still be providing rent concessions to lessees that reduce lease payments beyond 30 June 2021.

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