

IASB[®] meeting

Date	January 2025
Project	Provisions—Targeted Improvements
Topic	Letter from EFRAG
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Introduction

1. This appendix to Agenda Paper 22 reproduces the letter from the European Financial Reporting Advisory Group (EFRAG) requesting an extension to the comment period for the Exposure Draft *Provisions—Targeted Improvements*.

Andreas Barckow, Chair of the International Accounting Standards Board
7 Westferry Circus, Canary Wharf
London E14 4HD
United Kingdom

18 December 2024

Dear Mr Barckow,

Re: Comment period on the Exposure Draft *Provisions–Targeted Improvements*

On behalf of EFRAG, I am writing to request that the comment period on the Exposure Draft *Provisions -Targeted Improvements* (the ED) **be extended by 60 days** (allowing comments by 12 May 2025 instead of 12 March 2025 as currently requested).

EFRAG discussed and approved a draft comment letter on the ED at the EFRAG Financial Reporting Board meeting on 11 December 2024. During the discussions, EFRAG acknowledged that the proposals were intended to make targeted improvements to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* rather than fundamental changes. However, EFRAG concluded that it was difficult to understand the implications of some of the proposals particularly the effects of the proposed changes to the present obligation recognition criteria which in EFRAG’s view could result in more significant changes than initially expected. EFRAG therefore considers that the proposals will require a more in-depth analysis and stakeholder consultation through targeted outreach and field-testing where needed before reaching a final view.

EFRAG also considers that the proposals are not especially urgent and do not justify a comment period during the “busy season” for companies with a December year-end, which is very common in Europe. These companies will have other priorities during the coming months and will not have sufficient time to review and evaluate the proposals. This also means that national-standard setters in the various European jurisdictions may find it difficult to conduct and participate in the necessary outreach and collect the required input on the effects of the proposals. EFRAG is therefore concerned that the IASB would not meet its (and EFRAG’s) objective of avoiding unintended consequences arising from the final Amendments.

For these reasons, EFRAG believes that the comment period should be extended by 60 days in order to facilitate participation in outreach activities for all stakeholders for the benefit of the resulting Amendments.

I do understand that the IASB wants to proceed as quickly as possible, once the direction of travel of a project has been decided. But I am sure that you share our desire to ensure a solid assessment of the implications of the proposals based on broad outreach and stakeholder consultation.

If you would like to discuss our comments further, please do not hesitate to contact Isabel Batista, Rasmus Sommer or me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Wolf Klinz', written in a cursive style.

Wolf Klinz

Chair of the EFRAG FRB