IASB® meeting

Date	**March 2025**
Project	**Updating IFRS 19 *Subsidiaries without Public Accountability: Disclosures***
Topic	**Other matters**
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Purpose of this paper

1. The purpose of this paper is for the International Accounting Standards Board (IASB) to decide on the effective date of the amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures* (proposed amendments). The paper also asks the IASB to approve minor changes to the consequential amendments to other IFRS Accounting Standards in Appendix C of IFRS 19 (Appendix C).

2. This paper includes:

   (a) background (paragraphs 4–7);

   (b) effective date and early application (paragraphs 8–15);

   (c) transition requirements (paragraph 16);

   (d) changes to consequential amendments by IFRS 19 (paragraphs 17–19);

   (e) summary of staff recommendations and question for the IASB (paragraph 20); and

   (f) appendix—Suggested changes to Appendix C of IFRS 19.

Summary of staff recommendations

3. The staff recommends that:

   (a) the amendments have the same effective date as IFRS 19 (that is, 1 January 2027);

   (b) early application of the amendments is permitted; and

   (c) Appendix C of IFRS 19 is amended consequentially.

Background

4. IFRS 19 sets out reduced disclosure requirements for IFRS Accounting Standards issued as at 28 February 2021. For new and amended IFRS Accounting Standards issued after that date, the disclosure requirements were included in full given they had not been part of the exposure draft leading to the issue of IFRS 19 (for brevity, these disclosure requirements are referred to as 'new disclosure requirements' in this paper).

5. In July 2024, the IASB published the Exposure Draft *Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures* (the Exposure Draft) and proposed reductions of new disclosure requirements related to the following new and amended IFRS Accounting Standards:

   (a) IFRS 18 *Presentation and Disclosure in Financial Statements*, including those relating to management-defined performance measures;

   (b) supplier finance arrangements;

   (c) Pillar Two model rules;

   (d) lack of exchangeability; and

   (e) classification and measurement of financial instruments.

6. The Exposure Draft also proposed that an eligible subsidiary applying IFRS 19 and the prospective Regulatory Assets and Regulatory Liabilities (RARL) standard will be required to apply all the disclosure requirements in the prospective RARL standard.

7. At its February 2025 meeting, the IASB tentatively decided how to proceed with the proposed disclosure requirements for new and amended IFRS Accounting Standards in the Exposure Draft. The IASB will consider how to proceed with its proposal for RARL at a future meeting as these amendments will be part of the prospective RARL Standard.

Effective date and early application

8. Paragraph IN11 of the Exposure Draft states:

> If the IASB agrees to proceed with the proposed amendments, they will be effective for periods beginning on or after 1 January 2027, at the same time as the effective date of IFRS 19, with earlier application permitted for entities that are also applying IFRS 19 earlier. If amendments arise from the IASB's project on rate-regulated activities, these amendments will be issued as part of the prospective RARL Standard

9. The invitation to comment on the Exposure Draft did not include a specific question on the effective date of the proposed amendments to IFRS 19. Nevertheless, a few respondents commented on the effective date of the proposed amendments. All these respondents agreed that the effective date for the proposed amendments should be the same as IFRS 19 (that is, 1 January 2027).

Requirement in the **Due Process Handbook**

10. Paragraph 6.35 of the *Due Process Handbook* states:

> … The mandatory effective date is set so that jurisdictions have sufficient time to incorporate the new requirements into their legal systems and those applying the Standards have sufficient time to prepare for the new requirements.

Staff analysis

Effective date

11. The IASB proposed that the amendments to IFRS 19 for new and amended disclosures in IFRS Accounting Standards are effective at the same time as IFRS 19 becomes effective; this would enable subsidiaries electing to apply IFRS 19 to benefit from reduced disclosure requirements immediately. This would also avoid the need for these subsidiaries to gather the information required to comply with *all* these new disclosure requirements only for a short period of time.

12. We also understand that some jurisdictions will consider the amendments to IFRS 19 in their process of endorsing IFRS 19. That is, IFRS 19 as issued in May 2024 and amended in 2025 would be assessed as a single standard for endorsement.

Early application

13. As stated in paragraph 8 of this paper, the IASB proposed permitting earlier application of the amendments to IFRS 19 for entities that apply IFRS 19 early.

14. Early application of the amendments to IFRS 19 would enable subsidiaries who elect to apply IFRS 19 before its effective date also to benefit from the reductions offered by the amendments immediately. As noted in paragraph 4 of the paper, until the proposed amendments to IFRS 19 are issued, new disclosure requirements would apply in full without reductions. Therefore, the staff did not identify a compelling reason why an eligible subsidiary should be prohibited from immediately applying the amendments once issued.

Staff recommendation

15. Taking into consideration the feedback on the Exposure Draft and the staff analysis in paragraphs 11–14 of this paper, the staff recommend the IASB retain its proposal in the Exposure Draft that the amendments are effective for periods beginning on or after 1 January 2027, with early application permitted for entities that apply IFRS 19 early.

Transition requirements

16. Paragraphs 14–15 of IFRS 19 require an eligible subsidiary to provide comparative information for all amounts reported in the current period's financial statements, unless IFRS 19 or another IFRS Accounting Standard permits or requires otherwise. The amendments to IFRS 19 will not change these requirements. Therefore, no specific transition requirements are necessary for these amendments.

Changes to consequential amendments by IFRS 19

17. Appendix C of IFRS 19 sets out consequential amendments to paragraphs in other IFRS Accounting Standards. The staff have been informed of differences between the paragraphs in other IFRS Accounting Standards that were consequentially amended by both IFRS 18 *Presentation and Disclosure in Financial Statements* and IFRS 19. This includes paragraphs 26(a) and 38 of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* and paragraph C3(a) of IFRS 17 *Insurance Contracts*.

18. The consequential amendments to other IFRS Accounting Standards in Appendix C of IFRS 19 do not include some of the consequential amendments made by IFRS 18. Changes are needed so these paragraphs include the amendments made by IFRS 18. The appendix to this paper sets out the necessary changes. These editorial changes do not change any of the existing requirements or introduce new requirements.

19. The staff recommends the IASB includes these changes to Appendix C of IFRS 19 in the amendments to IFRS 19.

Summary of staff recommendations and question for the IASB

20. The staff recommends that:

    (a) the amendments have the same effective date as IFRS 19 (that is, 1 January 2027);

    (b) early application of the amendments to IFRS 19 is permitted; and

    (c) Appendix C of IFRS 19 is amended consequentially.

Question for the IASB
Does the IASB agree with the staff recommendation set out in paragraph 20 of this paper?

Appendix—Suggested changes to Appendix C of IFRS 19

Paragraph in other IFRS Accounting Standards	Suggested changes in red (subject to ballot and editorial review)
Paragraph 26A(a) of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	26A If an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution to owners, or directly from being held for distribution to owners to being held for sale, then the change in classification is considered a continuation of the original plan of disposal. The entity: (a) shall not follow the guidance in paragraphs 27–29 to account for this change. The entity shall apply the classification, presentation, ~~and~~ measurement and disclosure requirements in this IFRS that are applicable to the new method of disposal. An entity applying IFRS 19 *Subsidiaries without Public Accountability: Disclosures* shall apply the disclosure requirements in IFRS 19 instead of the disclosure requirements in this IFRS.
Paragraph 38 of IFRS 5	**Non-current ~~Presentation of a non-current~~ asset or disposal group classified as held for sale** 38 An entity shall present a non-current asset classified as held for sale and the assets of a disposal group classified as held for sale separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single amount. The major classes of assets and liabilities classified as held for sale shall either be presented separately ~~disclosed either~~ in the statement of financial position or disclosed in the notes, except as permitted by paragraph 39 and except when an entity applies IFRS 19 *Subsidiaries without Public Accountability: Disclosures*. An entity shall present separately any cumulative income or expense recognised in other comprehensive income relating to a non-current asset (or disposal group) classified as held for sale.

Paragraph in other IFRS Accounting Standards	Suggested change in red (subject to ballot and editorial reviews)
Paragraph C3(a) of IFRS 17 *Insurance Contracts*	C3 Unless it is impracticable to do so, or paragraph C5A applies, an entity shall apply IFRS 17 retrospectively, except that: (a) an entity is not required to present the quantitative information required by paragraph 28(f) of IAS 8 *Basis of Preparation of Financial Statements*~~*Accounting Policies, Changes in Accounting Estimates and Errors*~~ or, for entities applying IFRS 19 *Subsidiaries without Public Accountability: Disclosures*, by paragraph 178(f) of IFRS 19; Staff note: A footnote will be added to 'IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;' in paragraph C3(a). The footnote will state: * When it issued IFRS 18 *Presentation and Disclosure in Financial Statements* in April 2024, the IASB changed the title of IAS 8 to *Basis of Preparation of Financial Statements*.