

Closing the GAAP: New IFRS Pronouncements

(including developments to June 30, 2020)

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The following summarizes IFRS pronouncements that must be applied, if applicable, for the first time by a calendar year-end entity that is preparing financial statements in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). This newsletter sets out new requirements by the calendar year in which they are first effective.

The listing includes the following pronouncements:

- International Financial Reporting Standards ("IFRS")
- IFRS Interpretations Committee ("IFRIC") Interpretations

The IASB has a number of projects in progress. Information on these projects is available on the IASB website at:

<http://www.ifrs.org/projects/work-plan/>.

Information on IFRIC projects is available at:

<http://www.ifrs.org/projects/interpretations-committee-open-items/>.

This ACS newsletter supersedes the information in previous [Newsletter 2020-027](#) and will be updated quarterly. Developments since the issue of the previous newsletter, if any, are highlighted in yellow.

While we have attempted to make this newsletter as complete as possible, it may not include all changes or modifications to existing authoritative literature that may affect a particular enterprise.



Developments related to 2019 calendar years

Reference Pronouncement and Effective Date Impacting 2019 Calendar Years

IAS 19 Plan amendments, curtailments or settlements

Amends the guidance in IAS 19, *Employee Benefits*, in connection with defined benefit plans and accounting for plan amendments, settlements, or curtailments.

Effective for plan amendments, settlements or curtailments that occur on/after the beginning of the first annual reporting period beginning on/after January 1, 2019.

IP 2017 Annual improvements to IFRSs 2015-2017 Cycle

Improves and amends existing standards, basis of conclusions and guidance. The improvements below are effective for years beginning on/after January 1, 2019.

IFRS	Subject of amendment/clarification
IFRS 3, <i>Business Combinations</i>	Amended to clarify measurement of previously held interests in a joint operation when control is obtained
IFRS 11, <i>Joint Arrangements</i>	Amended to clarify that when an entity obtains joint control of a business that is a joint operation, it does not remeasure previously held interests
IAS 12, <i>Income Taxes</i>	Amended to clarify income tax consequences of payments on financial instruments classified as equity
IAS 23, <i>Borrowing Costs</i>	Amended to clarify borrowing costs eligible for capitalization

IAS 28 Interests in associates and joint ventures

Amended to clarify that an entity applies IFRS 9, including its impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied.

Effective for years beginning on/after January 1, 2019.

Learning more: [In brief INT2018-03](#)

Developments related to 2019 calendar years

Reference	Pronouncement and Effective Date Impacting 2019 Calendar Years
IFRS 9	<p><u>Prepayment features with negative compensation</u></p> <p>Amended to clarify that a financial asset that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature with negative compensation, may be measured at amortized cost or at fair value through other comprehensive income when eligibility conditions are met.</p> <p>Effective for years beginning on/after January 1, 2019.</p> <p>Learning more: In brief INT2017-13</p>
IFRIC 23	<p><u>Uncertainty over income tax treatments</u></p> <p>Clarifies how the recognition and measurement requirements of IAS 12, Income Taxes, are applied where there is uncertainty over income tax treatments.</p> <p>Effective for years beginning on/after January 1, 2019.</p> <p>Learning more: In brief INT2017-06</p>
IFRS 16	<p><u>Leases</u></p> <p>New standard on leases, superseding IAS 17, <i>Leases</i>, and related interpretations.</p> <p>Effective for annual reporting periods beginning on/after January 1, 2019.</p> <p>Learning more: In depth INT2020-01 In depth INT2019-02 In brief INT2019-02 In depth INT2018-11 In depth INT2016-01</p>

Developments related to 2020 calendar years

Reference	Pronouncement and Effective Date Impacting 2020 Calendar Years
IFRS 9/IAS 39 and IFRS 7	<p><u>Interest rate benchmark reform (Phase 1)</u></p> <p>Amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform and require certain related disclosures.</p> <p>Effective for years beginning on/after January 1, 2020.</p> <p>Learning more: In depth INT2019-04</p>
IAS 1 and IAS 8	<p><u>Definition of material</u></p> <p>Amended to revise the definition of material.</p> <p>Effective for years beginning on/after January 1, 2020.</p> <p>Learning more: In brief INT2018-14</p>
IFRS 3	<p><u>Definition of a business</u></p> <p>Amended to revise the definition of a business.</p> <p>Effective for years beginning on/after January 1, 2020.</p> <p>Learning more: In brief INT2019-08 In brief INT2019-04 In brief INT2018-13</p>
Conceptual Framework	<p><u>IASB revises conceptual framework</u></p> <p>Replaces the <i>Conceptual Framework for Financial Reporting</i> issued by the IASB in September 2010.</p> <p>Effective for years beginning on/after January 1, 2020.</p> <p>Learning more: In brief INT2018-07</p>

Developments related to 2021 calendar years

Reference	Pronouncement and Effective Date Impacting 2021 Calendar Years
IFRS 16 *	<p><u>COVID-19 rent concession amendment</u></p> <p>Amended to provide lessees with an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification.</p> <p>Effective for years beginning on/after June 1, 2020.</p> <p><i>Learning more: In depth INT2020-05</i></p>

* Refer to Appendix A for information related to early adoption in Canada

Developments related to 2022 calendar years

Reference	Pronouncement and Effective Date Impacting 2022 Calendar Years								
AIP 2018-2020 *	<u>Annual improvements to IFRS Standards 2018-2020</u> <table><tr><td>IFRS 9</td><td>Amended to address which fees should be included in the 10% test for derecognition of financial liabilities.</td></tr><tr><td>IFRS 1</td><td>Amended the exemption in IFRS 1.D16(a) to allow a subsidiary adopting IFRS at a later date than its parent to also measure cumulative translation differences using the amounts reported by the parent based on the parent's date of transition to IFRS.</td></tr><tr><td>IFRS 16</td><td>Amended illustrative example 13 to remove the illustration of payments from the lessor related to leasehold improvements.</td></tr><tr><td>IAS 41</td><td><u>Taxation in fair value measurements</u> Amended to remove the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41, Agriculture.</td></tr></table>	IFRS 9	Amended to address which fees should be included in the 10% test for derecognition of financial liabilities.	IFRS 1	Amended the exemption in IFRS 1.D16(a) to allow a subsidiary adopting IFRS at a later date than its parent to also measure cumulative translation differences using the amounts reported by the parent based on the parent's date of transition to IFRS.	IFRS 16	Amended illustrative example 13 to remove the illustration of payments from the lessor related to leasehold improvements.	IAS 41	<u>Taxation in fair value measurements</u> Amended to remove the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41, Agriculture.
IFRS 9	Amended to address which fees should be included in the 10% test for derecognition of financial liabilities.								
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IFRS 16	Amended illustrative example 13 to remove the illustration of payments from the lessor related to leasehold improvements.								
IAS 41	<u>Taxation in fair value measurements</u> Amended to remove the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41, Agriculture.								
	Effective for years beginning on/after January 1, 2022.								
IFRS 3 *	<u>Reference to Conceptual Framework</u> <p>Amended to (i) replace references to the 2001 Conceptual Framework for Financial Reporting to the 2018 Conceptual Framework for Financial Reporting in order to determine what constitutes an asset or liability in a business combination, (ii) add a new exception for certain liabilities and contingent liabilities to refer to IAS 37 or IFRIC 21 rather than the 2018 Conceptual Framework, and (iii) clarify that an acquirer should not recognize contingent assets at the acquisition date.</p>								

* Refer to Appendix A for information related to early adoption in Canada

Developments related to 2022 calendar years

Reference	Pronouncement and Effective Date Impacting 2022 Calendar Years
IAS 37 *	<p><u>Onerous contracts - Cost of fulfilling a contract</u></p> <p>Amended to clarify (i) the meaning of “costs to fulfil a contract”, and (ii) that, before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.</p>
IAS 16 *	<p><u>Proceeds before intended use</u></p> <p>Amended to (i) prohibit an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly), (ii) clarify that an entity is “testing whether the asset is functioning properly” when it assesses the technical and physical performance of the asset and (iii) require certain related disclosures.</p>
IAS 1	<p><u>Classification of liabilities as current or non-current</u></p> <p>Amended to clarify how to classify debt and other liabilities as either current or non-current.</p> <p>Effective for years beginning on/after January 1, 2022.</p>

Learning more: [In brief INT2020-03](#)

* Refer to Appendix A for information related to early adoption in Canada

Developments related to 2023 calendar years

Reference	Pronouncement and Effective Date Impacting 2023 Calendar Years
IFRS 17 *	<u>Amendments related to IFRS 17, <i>Insurance contracts</i></u>
IFRS 4	Amended to provide clarification in a number of areas to ease implementation, simplify certain requirements and ease transition, including deferral of the effective date of IFRS 17 to years beginning on/after January 1, 2023. The fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 is also deferred to years beginning on/after January 1, 2023.

* Refer to Appendix A for information related to early adoption in Canada

Appendix A: CPA Canada Handbook, Part I – IFRS

As at June 30, 2020, the following IFRS pronouncements (described previously in this newsletter and denoted by *) have not yet been incorporated into the CPA Canada Handbook, Part I – IFRS (“Part I”) and are therefore not yet available for early adoption by Canadian entities applying Part I:

Reference	Pronouncement
IFRS 16	COVID-19 rent concession amendment
AIP 2018-2020	Annual improvements to IFRS Standards 2018-2020
IFRS 3	Reference to the Conceptual Framework
IAS 37	Onerous contracts - Cost of fulfilling a contract
IAS 16	Proceeds before intended use
IFRS 17/IFRS 4	Amendments related to IFRS 17, <i>Insurance contracts</i>

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