



EFFAS THE EUROPEAN FEDERATION OF FINANCIAL ANALYSTS SOCIETIES

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Comments: EFRAG's DCL on IASB
ED/2020 *Covid-19-Related Rent Concessions*

Contact: Ms. Raquel Zaragoza
May 7 - 2020

Dear Sir/Madam:

EFFAS' Commission on Financial Reporting ("CFR", "Commission", "we") is pleased to support EFRAG's DCL on IASB ED *Covid-19-Related Rent Concessions* ("**DCL**").

In this regard we would like to emphasize, as mentioned in the DCL, a couple of points that we think need additional consideration, clarity and elaboration on IFRS-16 Amendment.

1.- Broader Approach

CFR agrees that a lessee should have the option to account for a Covid-19-related rent concession... *as if the change were not a lease modification...* and that the change can only be applied to payments originating in 2020 meeting the conditions specified in the *Amendment*.

However, given the current evolution of the pandemic we can envisage lessors and lessees negotiating concessions -whether or not rent-related- thru at least the first quarter of 2021. In this regard, IASB should provide additional guidance or take a broader approach to the *Amendment*.

2.- Effective date and transition

Applying the *Amendment* effective date for annual reporting beginning 1 June 2020 with earlier application is reasonable. Further clarification of the transition period will be however very helpful. It should be clearly stated since when the application of the *Amendment* can be retroactively applied if related to Covid-19.

3.- Disclosure

ED paragraph 60A, we think that further elaboration stating the changes, including amounts, and its interim application would be appreciated by users. Should the Amendment be mentioned in Interim Financial Reporting?



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If you would like to further discuss the views expressed in this letter, please do not hesitate to contact us.

Javier de Frutos, Chairman

On behalf of EFFAS Commission on Financial Reporting

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