

Mr. Jean-Paul Gauzès
President of the EFRAG Board
EFRAG
Square de Meeûs 35
B-1000 Brussels
Belgium

Lisbon, 22 February 2021

Subject: Covid-19-Related Rent Concessions beyond 30 June 2021

Dear Mr. Gauzès,

The Portuguese Accounting Standard Setter (Comissão de Normalização Contabilística - CNC) appreciate the opportunity to comment on the EFRAG Draft Comment Letter concerning the new amendment to IFRS 16 related with Covid-19.

CNC supports the Efrag' answer to the IASB's ED as it provides an extension of the practical expedient to lessees due to the Covid-19 pandemic. Unfortunately, Portugal is suffering huge consequential adverse impacts on the economic environment so the extended period for the practical expedient is welcomed.

However, as suggested on our letter of May 4th, 2020, CNC does not support the proposed effective date of the amendment. In Portugal, the Tax Authorities usually do not consider for tax purposes the accounting treatment resulting from early adoptions of amendments to existing IFRS. Many listed firms use IFRS in their separate financial statements, meaning that they assess their corporate income tax from IFRS financial statements. This means that for tax purposes the proposed amendment could not be relevant for 2021 annual reporting period, which may cause unnecessary tax litigation.

CNC suggests that the amendment should be effective to all periods ending after 1 april 2021 instead of all period beginning on or after 1 april 2021.

Please do not hesitate to contact us (secretariado@cnc.min-financas.pt) for any additional questions.

Sincerely,

CNC Vice-President

(Lúcia Lima Rodrigues)