

May 2020

Proposed IFRS[®] Taxonomy Update

PTU/2020/1

IFRS Taxonomy 2020

Covid-19-Related Rent Concessions

Amendment to IFRS 16

Comments to be received by 29 June 2020

IASB[®]

 IFRS[®]

IFRS[®] Taxonomy 2020

Proposed Update 1

Covid-19-Related Rent Concessions

Amendment to IFRS 16

Comments to be received by 29 June 2020

IFRS® Taxonomy 2020—Proposed Update 1 *Covid-19-Related Rent Concessions* is published by the International Accounting Standards Board (Board) for comment only. Comments need to be received by **29 June 2020** and should be submitted by email to commentletters@ifrs.org or online at <https://www.ifrs.org/projects/open-for-comment/>.

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Overview of the proposed amendments to the IFRS Taxonomy

Introduction

In May 2020 the International Accounting Standards Board (Board) issued *Covid-19-Related Rent Concessions*, which amended IFRS 16 *Leases*. That amendment permits a lessee, as a practical expedient, to elect not to assess whether a rent concession occurring as a direct consequence of the covid-19 pandemic that meets the conditions in paragraph 46B of IFRS 16 is a lease modification. Instead, a lessee that elects to apply the practical expedient would be required to account for any change in lease payments resulting from the rent concession as if it were not a lease modification.

The amendment to IFRS 16 requires that if a lessee applies the practical expedient, the lessee shall disclose:

- (a) that it has applied the practical expedient to all rent concessions that meet the conditions in paragraph 46B or, if not applied to all such rent concessions, information about the nature of the contracts to which it has applied the practical expedient; and
- (b) the amount recognised in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient in paragraph 46A.

To reflect these new disclosure requirements in the IFRS Taxonomy, the Board proposes to add:

- (a) three new elements to the IFRS Taxonomy (see paragraph 3);
- (b) documentation labels for these newly created elements (see paragraph 4); and
- (c) an implementation note to provide guidance on the correct use of the newly created monetary element (see paragraphs 5–6).

Reading this proposed update

This document uses taxonomy-specific terminology. For more information, please refer to the *Guide to understanding the IFRS Taxonomy Update and Using the IFRS Taxonomy—A preparer's guide*.¹ The Appendix provides brief explanations of the IFRS Taxonomy terms used in this document.

IFRS Taxonomy files

IFRS Taxonomy files are not provided for this Proposed IFRS Taxonomy Update because the changes are narrow in scope.

¹ The *Guide to understanding the IFRS Taxonomy Update* is available at <https://www.ifrs.org/-/media/feature/standards/taxonomy/general-resources/understanding-ifrs-taxonomy-update.pdf>. *Using the IFRS Taxonomy—A preparer's guide* is available at <https://www.ifrs.org/-/media/feature/resources-for-preparers/xbrl-using-the-ifrs-taxonomy-a-preparers-guide-january-2019.pdf>.

Next steps

Comments on this Proposed IFRS Taxonomy Update will be analysed and any necessary amendments will be made. After its approval by the Board, a final IFRS Taxonomy Update will be released.

Invitation to comment

Introduction

The Board invites comments on this Proposed IFRS Taxonomy Update, particularly on the questions set out below. Comments are most helpful if they:

- (a) address the questions as stated;
- (b) indicate the specific IFRS Taxonomy item, table or group of items to which they relate;
- (c) contain a clear rationale; and
- (d) include any alternative the Board should consider, if applicable.

Comments on the IFRS Taxonomy as a whole are also welcome. However, IFRS Taxonomy amendments resulting from such comments may be included in a subsequent update.

Questions for respondents

Question 1—Adequate reflection of disclosure requirements
Do the proposed changes to the IFRS Taxonomy adequately reflect the amendments to the disclosure requirements of IFRS 16 described in paragraph 1?
If not, please specify what changes you would suggest and why.

Question 2—Appropriate use of element labels
Do the labels of the proposed elements described in paragraph 3 faithfully represent the meaning of the elements?
If not, please specify what changes you would suggest and why.

Question 3—Appropriate use of documentation labels
Do the documentation labels of the proposed elements described in paragraph 4 correctly define these elements?
If not, please specify what changes you would suggest and why.

Question 4—Adequacy of the implementation note
Does the implementation note described in paragraph 6 provide sufficient guidance to determine the correct sign for reporting the element?
If not, please specify what changes you would suggest and why.

Deadline

The Board will consider all comments received in writing by 29 June 2020.

How to comment

The IFRS Foundation's offices are closed temporarily in line with government measures to stem the covid-19 pandemic. However, we are working and will consider your views in finalising the proposed update. Please submit your comments electronically.

Online <https://www.ifrs.org/projects/open-for-comment/>

By email commentletters@ifrs.org

Your comments will be on the public record and posted on our website unless you request confidentiality and we grant your request. We do not normally grant such requests unless they are supported by a good reason, for example, commercial confidence. Please see our website for details on this policy and on how we use your personal data.

New disclosures introduced by the amendment to IFRS 16 *Leases*

- 1 Paragraph 60A of IFRS 16 *Leases*, as added in May 2020, requires that if a lessee applies the practical expedient for rent concessions, as set out in paragraph 46A of IFRS 16, the lessee shall disclose:
- (a) that it has applied the practical expedient to all rent concessions that meet the conditions in paragraph 46B or, if not applied to all such rent concessions, information about the nature of the contracts to which it has applied the practical expedient; and
 - (b) the amount recognised in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient in paragraph 46A.
- 2 Consequently, the Board proposes to add three new elements to the IFRS Taxonomy – two descriptive and one monetary, in the presentation group of 'Notes – Leases'.

Proposed elements

- 3 The Board proposes the following new elements:²

Element label	ET	ER	Reference
Statement that lessee applied practical expedient in paragraph 46A of IFRS 16 to all rent concessions that meet conditions in paragraph 46B of IFRS 16	T	D	IFRS 16.60A(a)
Disclosure of information about nature of contracts to which lessee applied practical expedient in paragraph 46A of IFRS 16 if it is not applied to all rent concessions	TB	D	IFRS 16.60A(a)
Amount recognised in profit or loss for reporting period to reflect changes in lease payments that arise from rent concessions to which lessee applied practical expedient in paragraph 46A of IFRS 16	M	D	IFRS 16.60A(b)

Proposed documentation labels for new elements

- 4 The IFRS Taxonomy includes documentation labels (also called definitions) that clarify the accounting meaning of an element to help preparers identify the correct element to use when tagging financial statements and to help users of financial statements understand information reported electronically. The table below includes the proposed documentation labels for the new elements described in paragraph 3.

2 'ET' and 'ER' represent element type and reference type, respectively. Element types 'M', 'T' and 'TB' represent monetary, text and text block element types, respectively. Refer to the Appendix for an explanation of the difference between text and text blocks. Reference type 'D' represents disclosure requirements.

Element label	Documentation label
Statement that lessee applied practical expedient in paragraph 46A of IFRS 16 to all rent concessions that meet conditions in paragraph 46B of IFRS 16	The statement that the lessee has applied the practical expedient in paragraph 46A of IFRS 16 to all the rent concessions that meet the conditions in paragraph 46B of IFRS 16.
Disclosure of information about nature of contracts to which lessee applied practical expedient in paragraph 46A of IFRS 16 if it is not applied to all rent concessions	The disclosure of information about the nature of the contracts to which the lessee has applied the practical expedient in paragraph 46A of IFRS 16, if the lessee has not applied the practical expedient to all rent concessions that meet the conditions in paragraph 46B of IFRS 16.
Amount recognised in profit or loss for reporting period to reflect changes in lease payments that arise from rent concessions to which lessee applied practical expedient in paragraph 46A of IFRS 16	The amount recognised in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient in paragraph 46A of IFRS 16.

Proposed new Implementation note

- 5 Implementation notes provide guidance to preparers on the correct use of IFRS Taxonomy elements within an electronic report. For example, some implementation notes provide guidance on whether a tagged value should be reported with a positive or negative sign.
- 6 The Board is proposing to assign a 'credit balance attribute' to the proposed new monetary element 'Amount recognised in profit or loss for reporting period to reflect changes in lease payments that arise from rent concessions to which lessee applied practical expedient in paragraph 46A of IFRS 16' because this amount is normally a reduction in the total expenses included in the statement of profit or loss. Consequently, if the amount recognised in profit or loss reflecting the change in lease payments is a credit, a positive XBRL value would be used in the electronic report.
- 7 To support correct use of the proposed new monetary element, the Board is proposing to add the following implementation note:

Element label	Documentation label
Amount recognised in profit or loss for reporting period to reflect changes in lease payments that arise from rent concessions to which lessee applied practical expedient in paragraph 46A of IFRS 16	A positive XBRL value should be used to indicate when the amount represents a change that reduces the lease payments.

Effective date

- 8 The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application of the amendment is permitted, including in financial statements not authorised for issue at 28 May 2020. Therefore, earlier use of the IFRS Taxonomy elements is permitted.

**Approval by the Board of Proposed IFRS Taxonomy Update
Covid-19-Related Rent Concessions published in May 2020**

Proposed IFRS Taxonomy Update *Covid-19-Related Rent Concessions* was approved for publication by all the 14 members of the International Accounting Standards Board.

Hans Hoogervorst Chairman

Suzanne Lloyd Vice-Chair

Nick Anderson

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Appendix—IFRS® Taxonomy content terminology

The tables in this appendix provide a brief explanation of the IFRS Taxonomy terms used in this document.

Core content—IFRS Taxonomy elements	
<p>The IFRS Taxonomy contains elements that represent disclosures in financial statements prepared applying IFRS Standards.</p> <p>These elements are described using:</p> <ul style="list-style-type: none"> • line items – which represent the accounting concepts being reported. They can be either numerical or narrative, reflecting the figures and narrative reported, for example, ‘Assets’, ‘Property, plant and equipment’ and ‘Description of accounting policy for government grants’. • axes and members – information categories and components that accounting concepts can be broken down into or reported by, for example, ‘Classes of property, plant and equipment’. • tables – logical groupings of IFRS Taxonomy axes, members and line items. 	<p>These IFRS Taxonomy elements have:</p> <ul style="list-style-type: none"> • element names and element identifiers – unique computer tags used to identify and mark up the data. • element standard labels – human-readable names reflecting the accounting meaning of an element. Some elements have additional labels that provide more specific descriptions, for example to indicate a total or distinguish between opening and closing balances. Those additional labels do not alter the accounting meaning of the element but are used for presentation purposes when displaying IFRS Taxonomy content. • element types (ET) – categories of permitted data values, for example, text (T), text block (TB), monetary (M), decimal (DEC), percentage (P). <ul style="list-style-type: none"> • Text element types are used for narrative disclosure. They are also used when IFRS Standards do not specify the details of a disclosure requirement, but that disclosure requirement is expected to be expressed in free text format by a preparer. • Text block element types are used for a set of information which may include, for example, numeric disclosures, narrative explanations, tables, etc.

continued...

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Core content—IFRS Taxonomy elements	
	<ul style="list-style-type: none"> • element properties, such as the: <ul style="list-style-type: none"> • period—which indicates whether the element is expected to be reported for a period of time (duration) or at a particular point in time (instant); and • balance—which indicates whether the element is generally expected to be reported as a credit or a debit.
Supporting content—documentation and references for IFRS Taxonomy elements	
<p>The IFRS Taxonomy provides supporting content to help users better understand the accounting meaning of an element.</p>	<p>This content includes:</p> <ul style="list-style-type: none"> • references—which link an element to the authoritative literature, for example, IFRS 15 <i>Revenue from Contracts with Customers</i>. • element reference types (ER)—which define the source of an element, for example, disclosure (D), example (E) and common practice (CP). • documentation labels—which provide a textual definition of each element. The sources of these definitions are the IFRS Standards and their accompanying materials, when available.

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Supporting content—relationships between IFRS Taxonomy elements (linkbases)	
<p>The IFRS Taxonomy uses the calculation linkbase to help users better understand how elements may relate mathematically to each other.</p>	<p>For example, this content includes:</p> <ul style="list-style-type: none"> • summations of elements to a total or subtotal; and • formulas to indicate that an element is a ratio of other taxonomy elements.
<p>The IFRS Taxonomy uses the presentation linkbase to provide presentation views under which the line items, axes and members (or a combination of those as tables) have been grouped. This supports human-readable viewing and navigation of the IFRS Taxonomy.</p>	<p>The IFRS Taxonomy has specific presentation elements:</p> <ul style="list-style-type: none"> • headings; and • presentation groups. <p>These elements are not used when tagging financial statements. These headings and presentation groups also have standard labels.</p>
<p>The IFRS Taxonomy uses the definition linkbase to provide views under which the combined line items, axes and members (tables) have been grouped. This supports computer-readable use of the IFRS Taxonomy.</p>	<p>For example, the content includes:</p> <ul style="list-style-type: none"> • a definition for each table; and • a default member for each axis.