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Chair, Committee on Economic and  
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Brussels, 16 June 2020

**Subject: Timely endorsement of IFRS 16 amendment – Covid-19-Related Rent Concessions**

Dear Ms. Tinagli,

We would like to invite you and your Committee to deal with the IFRS 16 amendment as swiftly as possible to provide instrumental support to business recovery after the covid-19 crisis as further explained below.

The International Accounting Standards Board (IASB) has issued on 28 May 2020 an amendment to IFRS 16 *Leases* to make it easier for lessees to account for covid-19-related rent concessions such as rent holidays and temporary rent reductions. This amendment is effective 1 June 2020 but, to ensure the relief is available when needed most, lessees can apply the amendment immediately in any financial statements—interim or annual—not yet authorised for issue.

IFRS 16 specifies how lessees should account for changes in lease payments, including concessions. However, applying those requirements to a potentially large volume of covid-19-related rent concessions could be practically difficult and costly, especially in the light of the many challenges stakeholders face during the pandemic. This optional exemption gives relief to lessees and enables them to continue providing information about their leases that is useful to investors.

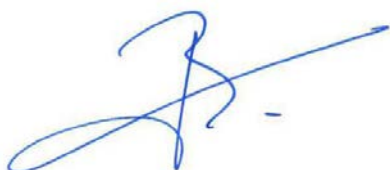
It would be of utmost importance that EU preparers could apply the IFRS 16 amendment in their annual or interim reports as of 30 June 2020, prepared in accordance with IFRS as endorsed in the EU, to

ensure the relief is available when needed most. Many EU issuers intend to release their annual or interim results as from mid-July. Investors are also eager to read those publications to understand the extent to which the pandemic has affected EU companies in the past months and into the future. Issuers outside the EU using IFRS are able to use the amendment which is generally seen as a relief. Similarly, US companies applying US standards have been offered a similar solution. It would really be regrettable if the European institutions were not able to demonstrate the same diligence as the IASB in providing assistance to European companies, by not integrating expeditiously in the European legal framework a text that is unanimously called for by all parties concerned<sup>1</sup>.

We understand that the European Commission plans to submit its related endorsement proposal to the European Parliament (EP) and Council around 8 July 2020. We urge ECON and the EP to take any steps they can to accelerate their review process of the proposal so that issuers, auditors and regulators can be informed as early as July whether the EP has any objection with respect to the inclusion of the IFRS 16 amendment into the EU legislative framework.

Please do not hesitate to contact Hilde Blomme ([Hilde@accountancyeurope.eu](mailto:Hilde@accountancyeurope.eu)) in case of any additional questions or remarks.

Sincerely,



Olivier Boutellis-Taft  
Chief Executive

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<sup>1</sup> EFRAG issued a positive Final Endorsement Advice to the European Commission concerning the IFRS 16 amendment on 2 June 2020.