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Subject:	Lease Liability in a Sale and Leaseback Amendments to IFRS 16

Delegations will find attached ANNEX to D090395/01.

Encl.: ANNEX to D090395/01

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D090395/01

ANNEX

Lease Liability in a Sale and Leaseback

Amendments to IFRS 16

Amendments to IFRS 16 Leases

Paragraphs 102A, C1D and C20E are added and paragraph C2 is amended. A new heading is added before paragraph C20E.

Sale and leaseback transactions

...

Assessing whether the transfer of the asset is a sale

...

Transfer of the asset is a sale

...

- 102A After the commencement date, the seller-lessee shall apply paragraphs 29–35 to the right-of-use asset arising from the leaseback and paragraphs 36–46 to the lease liability arising from the leaseback. In applying paragraphs 36–46, the seller-lessee shall determine ‘lease payments’ or ‘revised lease payments’ in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying the requirements in this paragraph does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease as required by paragraph 46(a).

...

Appendix C

Effective date and transition

Effective date

- ...
- C1D *Lease Liability in a Sale and Leaseback*, issued in September 2022, amended paragraph C2 and added paragraphs 102A and C20E. A seller-lessee shall apply these amendments for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies these amendments for an earlier period, it shall disclose that fact.

Transition

- C2 For the purposes of the requirements in paragraphs C1–C20E, the date of initial application is the beginning of the annual reporting period in which an entity first applies this Standard.

...

Lease liability in a sale and leaseback

- C20E A seller-lessee shall apply *Lease Liability in a Sale and Leaseback* (see paragraph C1D) retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application.