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Subject:	COMMISSION REGULATION (EU) .../... of XXX amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 16

Delegations will find attached document D073527/01.

Encl.: D073527/01



EUROPEAN
COMMISSION

Brussels, **XXX**
[...](2021) **XXX** draft

D073527/01

COMMISSION REGULATION (EU) .../...

of **XXX**

amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 16

(Text with EEA relevance)

COMMISSION REGULATION (EU) .../...

of **XXX**

amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 16

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards¹, and in particular Article 3(1) thereof,

Whereas:

- (1) By Commission Regulation (EC) No 1126/2008² certain international standards and interpretations that were in existence on 15 October 2008 were adopted.
- (2) The COVID-19 pandemic caused an unprecedented external shock to the Union and its economy, creating the need for measures aimed at alleviating the adverse impacts on citizens and companies where possible.
- (3) Member States and the Union have taken measures to provide financial relief to companies, including payment holidays based on private or public moratoria, in order to prevent unnecessary bankruptcies and job losses, and to underpin rapid recovery.
- (4) On 28 March 2020, the International Accounting Standards Board (IASB) published Covid-19-Related Rent Concessions (Amendment to IFRS 16), which was adopted by Commission Regulation (EU) 2020/1434³.
- (5) On 31 March 2021, the IASB published Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).
- (6) The amendment to International Financial Reporting Standard (IFRS) 16 *Leases* extends the optional, temporary COVID-19-related operational relief for lessees for lease contracts with payment relief and payments originally due before, or on 30 June 2021 to lease contracts with payment relief and payments originally due before, or on 30 June 2022.

¹ OJ L 243, 11.9.2002, p. 1.

² Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council (OJ L 320, 29.11.2008, p. 1).

³ Commission Regulation (EU) 2020/1434 of 9 October 2020 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 16 (OJ L 331, 12.10.2020, p. 20).

- (7) Following the consultation with the European Financial Reporting Advisory Group, the Commission concludes that the amendment to IFRS 16 *Leases* meets the criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002.
- (8) Regulation (EC) No 1126/2008 should therefore be amended accordingly.
- (9) The IASB set the effective date of the amendment to IFRS 16 *Leases* as from 1 April 2021. Therefore, the provisions of this Regulation should apply retroactively to ensure legal certainty for the issuers concerned and consistency with other accounting standards laid down in Regulation (EC) No 1126/2008.
- (10) Having regard to the urgency of this COVID-19 related operational relief, this Regulation should enter into force on the day following that of its publication in the Official Journal of the European Union.
- (11) The measures provided for in this Regulation are in accordance with the opinion of the Accounting Regulatory Committee,

HAS ADOPTED THIS REGULATION:

Article 1

In the Annex to Regulation (EC) No 1126/2008, International Financial Reporting Standard (IFRS) 16 *Leases* is amended as set out in the Annex to this Regulation.

Article 2

Each company shall apply the amendments referred to in Article 1 as from 1 April 2021 for financial years starting, at the latest, on or after 1 January 2021.

Article 3

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission
The President
Ursula von der Leyen