



27 April 2020

To: **Members of the Hong Kong Institute of CPAs**  
**All other interested parties**

**INVITATION TO COMMENT ON IASB EXPOSURE DRAFT  
ED/2020/2 Covid-19-Related Rent Concessions  
Exposure Draft of a proposed amendment to IFRS 16**

***Comments to be received by 4 May 2020***

The Financial Reporting Standards Committee (FRSC) of the Hong Kong Institute of Certified Public Accountants (Institute) is seeking comments on the IASB Exposure Draft ED/2020/2. The Exposure Draft (ED) is available on the Institute's website:  
<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/financial-reporting/exposure-drafts/>.

Stakeholders have informed the International Accounting Standards Board (IASB) that applying the requirements of IFRS 16 *Leases* to assess whether rent concessions are lease modifications and applying the required accounting for rent concessions that are lease modifications to a potentially large volume of covid-19-related rent concessions could be practically difficult, especially in the light of the many challenges stakeholders face during the pandemic. In response, the IASB has proposed an amendment to IFRS 16 to provide lessees with practical relief during the covid-19 pandemic while enabling them to continue providing useful information about their leases to investors.

The proposed amendment would exempt lessees from having to consider whether particular covid-19-related rent concessions are lease modifications, allowing them to account for these changes as if they were not lease modifications. The amendment would apply to covid-19-related rent concessions that reduce lease payments due in 2020. The IASB proposes no change for lessors.

The IASB has responded quickly to provide support to stakeholders at this difficult time. Accordingly, the comment period on the proposal is short and the IASB aims to issue the final amendment, which would be available to lessees immediately, in May 2020.

The FRSC invites your comments on the proposal as set out in the ED by **4 May 2020** to allow your comments to be considered in developing its response to the IASB. Comments should be supported by specific reasoning and should be submitted in written form.

Comments may be sent by mail, fax or e-mail to:

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Hong Kong Institute of Certified Public Accountants  
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Comments will be acknowledged and may be made available for public review unless otherwise requested by the respondent.