



**16 February 2021**

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

**INVITATION TO COMMENT ON IASB EXPOSURE DRAFT  
ED/2021/2 Covid-19-Related Rent Concessions beyond 30 June 2021  
Proposed amendment to IFRS 16**

***Comments to be received by 22 February 2021***

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/2021/2. 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/>

The International Accounting Standards Board (IASB) is proposing an amendment to extend the time period over which the practical expedient in paragraph 46A of IFRS 16 *Leases* is available for use. This practical expedient permits lessees to elect not to assess whether particular rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications; and instead, to account for those rent concessions as if they were not lease modifications. The IASB proposes to extend the relief to cover rent concessions that reduce only lease payments due on or before **30 June 2022**.

The IASB decided to propose this amendment to IFRS 16 in light of stakeholder requests and information that lessors are continuing to grant Covid-19-related rent concessions to lessees, and the ongoing significant effects of the Covid-19 pandemic.

The IASB is working to publish the amendment quickly to provide support to stakeholders at this difficult time. Accordingly, the comment period on the ED is short, and the IASB aims to issue the final amendment by the end of March 2021. The amendment would be available to lessees immediately.

The FRSC invites your comments on the proposal as set out in the ED by **22 February 2021** 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  
37<sup>th</sup> Floor, Wu Chung House  
213 Queen's Road East  
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Comments will be acknowledged and may be made available for public review unless otherwise requested by the respondent.