



19 June 2025

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

INVITATION TO COMMENT ON THE IASB REQUEST FOR INFORMATION Post-implementation Review of IFRS 16 Leases

Comments to be received by 29 August 2025

The Financial Reporting Standards Committee (FRSC) of the Hong Kong Institute of Certified Public Accountants (Institute) is seeking comments on the International Accounting Standards Board (IASB) Request for Information (RFI) *Post-implementation Review (PIR) of IFRS 16 Leases*. The RFI is available on the Institute's [website](#).

The IASB is undertaking a PIR of IFRS 16. A PIR is an important part of the IASB's due process, helping the IASB assess whether the new requirements are broadly working as intended for users of financial statements, preparers, auditors and regulators after a few years of implementation.

IFRS 16 aimed to improve information that entities provide about their lease arrangements to investors and other users of financial statements. IFRS 16 was issued in January 2016 and became effective for annual reporting periods beginning on or after 1 January 2019.

Key matters covered in the RFI

The [RFI](#) is seeking feedback on IFRS 16, focusing on the following areas:

- 1) Overall assessment of IFRS 16, i.e. whether the Standard is working as intended;
- 2) Usefulness of information resulting from lessees' application of judgement in:
 - determining the lease term;
 - determining the discount rate; and
 - identifying which variable lease payments to include in the measurement of the lease liability.
- 3) Usefulness of information about lessees' lease-related cash flows;
- 4) Ongoing costs for lessees of applying the following measurement requirements:
 - determining the discount rate;
 - subsequent measurement of the lease liability;
 - reassessment of the lease liability; and
 - lease modifications.
- 5) Potential improvements to future transition requirements;
- 6) Effects of applying IFRS 16 with other IFRS Accounting Standards in:
 - accounting for rent concessions;
 - assessing whether the transfer of an asset in a sale and leaseback transaction is a sale; and
 - recognising gain or loss in a sale and leaseback transaction.

Impact on entities in Hong Kong

IFRS 16 (HKFRS 16 equivalent) introduced a single lessee accounting model in which a lessee accounts for all leases as providing finance. It requires lessees to recognise both lease assets (right-of-use assets) and lease liabilities on their statements of financial position. This significant change has widespread implications for many lessees in Hong Kong. The effects of IFRS 16 vary across industries, with sectors such as retail, aviation, shipping and transport, and telecommunications being more significantly affected. Furthermore, the new requirements affect investors how they assess entities' financial performance, position and cash flows.

The RFI provides a valuable opportunity for stakeholders to provide feedback on IFRS 16 based on their experiences. The feedback provided may lead to further actions being taken by the IASB, which can include referring matters to the IFRS Interpretations Committee, providing materials to support consistent application of the requirements or considering possible standard-setting. Depending on these actions, entities may be further impacted.

The FRSC invites your comments on the RFI by **29 August 2025** 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
37th Floor, Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong

Fax number (+852) 2865 6603
E-mail: commentletters@hkicpa.org.hk

Comments will be acknowledged and may be made available for public review unless otherwise requested by the respondent.