



9 December 2025

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

**INVITATION TO COMMENT ON IFRS INTERPRETATIONS COMMITTEE
TENTATIVE AGENDA DECISIONS**

Comments to be received by 2 January 2026

The IFRS Interpretations Committee (IC) works together with the International Accounting Standards Board to support the consistent application of IFRS Accounting Standards. They do so by, among other things, issuing narrow-scope amendments and IFRIC Interpretations, and publishing agenda decisions to address application questions.

If the IC decides that a standard-setting project should not be added to the work plan, it explains why in a tentative agenda decision, and requests comments within a period normally of 60 days. An agenda decision explains why a standard-setting project has not been added to the work plan and, in many cases, includes explanatory material. Agenda decisions cannot add or change requirements in IFRS Accounting Standards.

At its November meeting, the IC discussed the following matters regarding IAS 1 *Presentation of Financial Statements* and IFRS 18 *Presentation and Disclosure in Financial Statements*, and tentatively decided not to add a standard-setting project to the work plan.

- (1) [Fair Presentation and Compliance with IFRS Accounting Standards \(IAS 1\)](#) - whether an entity is required to comply with the requirement for fair presentation in paragraph 15 of IAS 1 if the entity applying paragraph 19 of IAS 1 departs from a requirement in an IFRS Accounting Standard.
- (2) [Classification of Gains and Losses on a Derivative Managing a Foreign Exchange Exposure \(IFRS 18\)](#) – how an entity applies IFRS 18 to classify gains or losses arising from a derivative that is used to manage the foreign currency exposure in its consolidated statement of profit or loss.
- (3) [Presentation of Taxes or Other Charges that are Not Income Taxes within the Scope of IAS 12 Income Taxes \(IFRS 18\)](#) – whether an entity applying IFRS 18 is permitted to present taxes or other charges that are not income taxes within the scope of IAS 12 in the ‘income tax expense or income’ line item of the statement of profit or loss required by paragraph 75(a)(iv) of IFRS 18 or in the income taxes category of the statement of profit or loss.

In light of this discussion, the IC proposed additional [updates to two IC's agenda decisions for IFRS 18 \[November 2025\]](#) which it had previously proposed updates. The two agenda decisions are i) *Presentation of payments on non-income taxes (IAS 1)* and ii) *Classification of tonnage taxes (IAS 12)*. The IC is asking for feedback only about the proposed updates and not about other aspects of these two agenda decisions.

- (4) [Scope of the Requirement to Disclose Expenses by Nature \(IFRS 18\)](#) – whether the requirements in paragraph 83 of IFRS 18 apply i) only when an entity presents operating expenses listed in paragraph 75(a)(ii) of IFRS 18 by function in the operating category of the statement of profit or loss; or ii) when an entity presents any expense by function in the operating category of the statement of profit or loss, including expenses listed in paragraph 75(b)–(c) of IFRS 18.
- (5) [Assessment of a Specified Main Business Activity for the purposes of the Separate Financial Statements of a Parent \(IFRS 18\)](#) - how a parent applies IFRS 18 to assess, for the purpose of its separate financial statements, whether it has a specified main business activity of investing in unconsolidated subsidiaries.

The Financial Reporting Standards Committee of the Hong Kong Institute of Certified Public Accountants is seeking comments on the above tentative agenda decisions by **2 January 2026** to allow your comments to be considered in developing its response. 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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Comments will be acknowledged and may be made available for public review unless otherwise requested by the respondent.