

22 February 2021

Hans Hoogervorst,  
*Chairman*  
IFRS Foundation  
Columbus Building  
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Canary Wharf  
London E14 4HD

By email: [commentletters@ifrs.org](mailto:commentletters@ifrs.org)

Dear Hans

### **Invitation to Comment - Exposure Draft ED/2021/2 – COVID-19 Rent Concessions – Proposed Amendment to IFRS 16**

We are pleased to respond to the IASB's Exposure Draft in respect of the matter listed above.

We welcome the IASB's proposal to extend the effective dates of the limited-scope amendment to IFRS 16 from 30 June 2021 to 30 June 2022. We concur with the IASB's view that the pandemic's disruptive effects remain at their height, and that therefore an extension to the time-limited relief offered through the limited-scope amendment remains appropriate.

We commented in favour of the original amendment, and, in our view the benefits of the relief to entities affected by COVID-19 related rent concessions remain significant and welcome.

We note the compressed timetable for comment on this exposure draft, and we agree that the need for action on this matter is urgent, given that rent concessions covering the period beyond 30 June 2021 are already being enacted or negotiated. Similar to the original amendment, we therefore believe that it is appropriate to enact the extension to the practical expedient as soon as possible, rather than to attempt any significant revision which may cause delay.

However, we do note the issue that the IASB identified in paragraph BC10 of the Exposure Draft in respect of entities which have already recognised a lease modification for a rent concession which extended beyond 30 June 2021, and therefore were not eligible for the original practical expedient. We do not believe that such a scenario would necessarily be rare. The effect of this amendment would be to force such entities to re-work previously recognised lease modifications. Therefore, we suggest that the IASB should consider amending the transition and application requirements to allow entities the option of applying the practical expedient for rent concessions up to 30 June 2021 only, if they so choose, and to account for subsequent COVID-related rent concessions as lease modifications.

We note that the above change may reduce comparability between entities. However, comparability of financial statements in this area is already reduced, as application of the practical expedient is optional. We do not believe that this change would have a significant additional negative effect on comparability. However, we

emphasise that such a change to the Exposure Draft should be considered only if it would not delay the issue of the amendment to IFRS 16.

We would be pleased to respond to any comments the Board or its staff may have about our response. If you have any questions or comments please do not hesitate to contact Gary Stevenson (+852 2583 1220) or me (+44 (0)207 601 1842).

Yours faithfully,

A handwritten signature in black ink that reads "Marion Hannon". The signature is written in a cursive style with a long, sweeping tail on the final letter.

Marion Hannon  
Global Leader, Quality & Risk  
RSM International