

Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021

[AASB 16]



Australian Government

**Australian Accounting
Standards Board**

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This Standard is available on the AASB website: www.aasb.gov.au.

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Contents

PREFACE

ACCOUNTING STANDARD
AASB 2021-3 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS – COVID-19-RELATED RENT CONCESSIONS BEYOND 30 JUNE 2021

	<i>from page</i>
OBJECTIVE	5
APPLICATION	5
AMENDMENTS TO AASB 16	5
COMMENCEMENT OF THE LEGISLATIVE INSTRUMENT	6

AVAILABLE ON THE AASB WEBSITE
IASB Basis for Conclusions – Amendments

Australian Accounting Standard AASB 2021-3 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021* is set out on pages 5 – 6. All the paragraphs have equal authority.

Preface

Standards amended by AASB 2021-3

This Standard makes amendments to AASB 16 *Leases* (February 2016).

These amendments arise from the issuance of International Financial Reporting Standard *Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendment to IFRS 16) by the International Accounting Standards Board (IASB) in March 2021.

Main features of this Standard

Main requirements

This Standard amends AASB 16 to extend by one year the application period of the practical expedient added to AASB 16 by AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions*. The practical expedient permits lessees not to assess whether rent concessions that occur as a direct consequence of the covid-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. This Standard extends the practical expedient to rent concessions that reduce only lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

Application date

This Standard applies to annual periods beginning on or after 1 April 2021. Earlier application is permitted, including in financial statements not authorised for issue at the date this Standard was issued.

Accounting Standard AASB 2021-3

The Australian Accounting Standards Board makes Accounting Standard AASB 2021-3 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021* under section 334 of the *Corporations Act 2001*.

Dated 21 April 2021

Keith Kendall
Chair – AASB

Accounting Standard AASB 2021-3 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021*

Objective

This Standard amends AASB 16 *Leases* (February 2016) as a consequence of the issuance of International Financial Reporting Standard *Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendment to IFRS 16) by the International Accounting Standards Board in March 2021.

Application

The amendments set out in this Standard apply to entities and financial statements in accordance with the application of AASB 16 set out in AASB 1057 *Application of Australian Accounting Standards*.

This Standard applies to annual periods beginning on or after 1 April 2021. This Standard may be applied to annual periods beginning before 1 April 2021.

This Standard uses underlining, striking out and other typographical material to identify some of the amendments to AASB 16, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that underlining, striking out or other typographical material. Amended paragraphs are shown with deleted text struck through and new text underlined. Ellipses (...) are used to help provide the context within which amendments are made and also to indicate text that is not amended.

Amendments to AASB 16

Paragraph 46B is amended. Paragraphs C1C and C20BA–C20BC are added. New text is underlined and deleted text is struck through.

Lessee

...

Measurement

...

Subsequent measurement

...

Lease modifications

...

- 46B The practical expedient in paragraph 46A applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:
- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - (b) any reduction in lease payments affects only payments originally due on or before 30 June ~~2021~~ 2022 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June ~~2021~~ 2022 and increased lease payments that extend beyond 30 June ~~2021~~ 2022); and
 - (c) there is no substantive change to other terms and conditions of the lease.
- ...

Appendix C Effective date and transition

Effective date

- ...
- C1C AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021, issued in April 2021, amended paragraph 46B and added paragraphs C20BA–C20BC. A lessee shall apply that amendment for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted, including in financial statements not authorised for issue at the date AASB 2021-3 was issued.

Transition

Covid-19-related rent concessions for lessees

- ...
- C20BA A lessee shall apply AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021 (see paragraph C1C) retrospectively, recognising the cumulative effect of initially applying that amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment.
- C20BB In the reporting period in which a lessee first applies AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021, a lessee is not required to disclose the information required by paragraph 28(f) of AASB 108.
- C20BC Applying paragraph 2 of this Standard, a lessee shall apply the practical expedient in paragraph 46A consistently to eligible contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient as a result of the lessee applying AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions (see paragraph C1A) or AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021 (see paragraph C1C).

Commencement of the legislative instrument

For legal purposes, this legislative instrument commences on the day this instrument is made by the Australian Accounting Standards Board.