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Mr Hans Hoogervorst
Chair of the IASB
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PDC n°7

Exposure Draft 2021/2—Covid-19-Related Rent Concessions beyond 30 June 2021 (Proposed amendment to IFRS 16 Leases)

Dear Hans,

I am writing to you on behalf of the Autorité des Normes Comptables (ANC) to express our views on the above-mentioned Exposure Draft (ED) published on 11 February 2021.

We welcome and agree with the IASB's proposal to amend paragraph 46B (b) of IFRS 16 to permit a lessee to apply the practical expedient set out in paragraph 46A of this Standard to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, rather than only payments originally due on or before 30 June 2021. We note that the IASB provided this practical expedient in response to the effects of the Covid-19 pandemic having considered the specific circumstances described in BC205B of IFRS 16. We acknowledge that extending the expedient to lease payments due on or before 30 June 2022 may be viewed as arbitrary by nature. We also acknowledge that entities no longer apply IFRS 16 for the first time. However, entities still face major practical challenges because the Covid 19-pandemic is still at its height. We also note, consistent with the IASB's observation in paragraph BC4 of the ED, that lessors are still granting rent concessions that now extend to lease payments due beyond 30 June 2021. Accordingly, we think the current circumstances still justify the existence of a practical expedient.

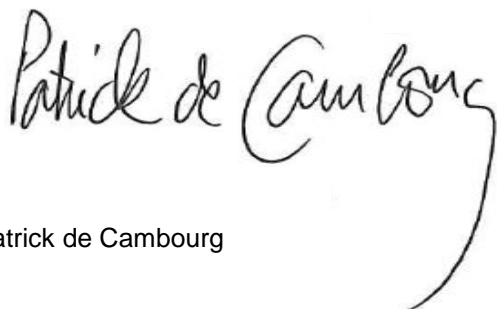
We also agree with the proposed effective date and transitional requirements. In particular, we agree with the IASB's observations in paragraph BC10 of the ED. We acknowledge that the proposed transition requirements—ie a modified retrospective approach as described in paragraph C20BA of the ED—will result in entities not presenting the effect of restating past rent concessions in the comparative periods. However, on balance, we think that the proposed transition requirements result in information that is useful at a reasonable cost.

We are not convinced by the alternative view set out in paragraph AV1 of the ED. We acknowledge that the practical expedient is optional and accordingly, that such an expedient might reduce comparability among entities. Having said that, we observe this expedient applies to a clearly-defined population of rent concessions, brings clarity on how to portray similar transactions and remains time-limited. We think those factors, together with the disclosure requirements in paragraph 60A of IFRS 16, are sufficient to mitigate users' concerns about any loss of comparability. We also observe that, applying IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, (i) an entity that has already elected to apply the practical expedient in paragraph 46A of IFRS 16 would be required to apply the proposed amendment whereas (ii) that an entity that has elected otherwise could not take

the opportunity of the proposed amendment to start applying the expedient. Additionally, applying paragraph C20BA of the ED, an entity would apply the proposed amendment retrospectively. In ANC's view, these factors will ensure that entities account for rent concessions consistently during the height of the Covid-19 pandemic—the IASB's proposals will thus result in comparable information between reporting periods.

Should you need any further information, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink that reads "Patrick de Cambourg". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Patrick de Cambourg