



Department for
Business, Energy
& Industrial Strategy

UK-adopted international accounting standards

Covid-19-related Rent Concessions beyond
30 June 2021 (Amendment to IFRS 16)

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Amendment to IFRS 16 Leases

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

Lessee

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Measurement

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Subsequent measurement

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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 ~~2022~~2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June ~~2022~~2021 and increased lease payments that extend beyond 30 June ~~2022~~2021); and
- (c) there is no substantive change to other terms and conditions of the lease.

...

Appendix C Effective date and transition

Effective date

...

C1C *Covid-19-Related Rent Concessions beyond 30 June 2021*, issued in March 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 31 March 2021.

Transition

...

Covid-19-related rent concessions for lessees

...

C20BA A lessee shall apply *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 *Covid-19-Related Rent Concessions beyond 30 June 2021*, a lessee is not required to disclose the information required by paragraph 28(f) of IAS 8.

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 *Covid-19-Related Rent Concessions* (see paragraph C1A) or *Covid-19-Related Rent Concessions beyond 30 June 2021* (see paragraph C1C).