

UK-adopted international accounting standards

Lease Liability in a Sale and Leaseback Amendments to IFRS 16

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Lease Liability in a Sale and Leaseback - Amendments to IFRS 16

Amendments to IFRS 16 *Leases*

Paragraphs 102A, C1D and C20E are added and paragraph C2 is amended. A new heading is added before paragraph C20E. New text is underlined, and deleted text is struck through.

Sale and leaseback transactions

...

Assessing whether the transfer of the asset is a sale

...

Transfer of the asset is a sale

102A After the commencement date, the seller-lessee shall apply paragraphs 29–35 to the right-of-use asset arising from the leaseback and paragraphs 36–46 to the lease liability arising from the leaseback. In applying paragraphs 36–46, the seller-lessee shall determine ‘lease payments’ or ‘revised lease payments’ in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying the requirements in this paragraph does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease as required by paragraph 46(a).

...

Appendix C Effective date and transition

Effective date

...

C1D *Lease Liability in a Sale and Leaseback*, issued in September 2022, amended paragraph C2 and added paragraphs 102A and C20E. A seller-lessee shall apply these amendments for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies these amendments for an earlier period, it shall disclose that fact.

Transition

C2 For the purposes of the requirements in paragraphs C1 – C20E C19, the date of initial application is the beginning of the annual reporting period in which an entity first applies this Standard.

...

Lease liability in a sale and leaseback

C20E A seller-lessee shall apply *Lease Liability in a Sale and Leaseback* (see paragraph C1D) retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application.