

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of EFRAG FR TEG. The paper forms part of an early stage of the development of a potential EFRAG position. Consequently, the paper does not represent the official views of EFRAG or any individual member of the EFRAG FRB or EFRAG FR TEG. The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG FRB, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

Cover Note

Objective

- 1 The objectives of this session are to:
 - (a) consider the comments received in response to EFRAG's Invitation to Comment on its Draft Endorsement Advice on *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)* ('the Amendments'); and
 - (b) agree to recommend to the EFRAG FRB a Final Endorsement Advice.

Background of the project

- 2 The [Amendments](#), which were issued on 22 September 2022, aim to specify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale.
- 3 The Amendments will apply retrospectively for annual periods beginning on or after 1 January 2024, with earlier application permitted. If entities apply the Amendments earlier, they shall disclose that fact.
- 4 The European Commission issued a letter requesting advice on the endorsement of the Amendments on 27 September 2022. The letter contains a standard request for advice on the endorsement that does not identify specific issues or areas to investigate.
- 5 EFRAG issued its [Draft Endorsement Advice](#) on 9 November 2022, which was open for consultation until 9 January 2023. In the letter, EFRAG's preliminary assessment was that the Amendments satisfied the criteria for endorsement for use in the EU and therefore EFRAG recommended their endorsement.

Summary of comments received on the Draft Endorsement Advice

- 6 EFRAG received three comment letters from respondents representing preparers (two) and one national standard-setter (see list of respondents and links to the comment letters in Appendix 1).
- 7 All respondents agreed with EFRAG's initial assessment with no further comments.
- 8 Therefore, EFRAG Secretariat suggests no changes to the assessment in EFRAG's Final Endorsement Advice, except for the following limited changes:

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- (a) the addition, in the first page of the cover letter to the European Commission, of the standard paragraph how EFRAG has consulted on its draft endorsement advice (see mark-up);
- (b) Removing references to 'initial' assessments or 'draft' letter to the EC wherever relevant; and
- (c) Removing the note to constituents at the beginning of Appendix 2.

Questions for EFRAG FR TEG

- 9 Does EFRAG FR TEG agree to recommend the Final Endorsement Advice contained in agenda paper 05-02, to the EFRAG FRB?

Agenda Papers

- 10 In addition to this cover note, agenda paper 05-02 – Letter to the EC Providing Advice - Lease liability in a Sale and Leaseback – has been provided for the session.

Appendix I: List of respondents

- 1 The comment letters were received from the following organisations (links to the letters are provided with the respondents' names):

Respondent	Type	Country
Instituto de Contabilidad y Auditoría de Cuentas (ICAC)	National Standard Setter	Spain
Siemens Energy Global GmbH & Co. KG	Preparer	Germany
Daimler Truck AG	Preparer	Germany