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#### COVER NOTE

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From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	8 July 2020
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union

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Subject:	COMMISSION REGULATION (EU) .../... of XXX amending Regulation (EC) N° 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 16
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Delegations will find attached document D067917/01.

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Encl.: D067917/01



Brussels, **XXX**  
[...] (2020) **XXX** draft

**D067917/01**

**COMMISSION REGULATION (EU) .../...**

**of **XXX****

**amending Regulation (EC) N° 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 16**

(Text with EEA relevance)

# COMMISSION REGULATION (EU) .../...

of **XXX**

## **amending Regulation (EC) N° 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 16**

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards<sup>1</sup>, and in particular Article 3(1) thereof,

Whereas:

- (1) By Commission Regulation (EC) No 1126/2008<sup>2</sup> certain international accounting standards and interpretations that were in existence on 15 October 2008 were adopted.
- (2) The COVID-19 pandemic caused an unprecedented external shock to the Union and its economy creating a need for measures aimed at alleviating adverse impacts on citizens and companies where possible.
- (3) Member States and the Union have taken measures to provide financial relief to companies, including payment holidays based on private or public moratoria, to prevent unnecessary bankruptcies and job losses, and to underpin rapid recovery.
- (4) On 28 May 2020, the International Accounting Standards Board (IASB) published Covid-19-Related Rent Concessions (amendment to International Financial Reporting Standard (IFRS) 16 *Leases*).
- (5) The amendment to IFRS 16 provides optional, temporary COVID-19 related operational relief for lessees benefitting from lease payments holidays without undermining the relevance and usefulness of financial information reported by companies. Following the consultation with the European Financial Reporting Advisory Group, the Commission concludes that the amendment to IFRS 16 meet the criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002.
- (6) The IASB set the effective date of the amendments to IFRS 16 as from 1 June 2020. Therefore, the provisions of this Regulation should apply retroactively to ensure legal certainty for the issuers concerned and consistency with other accounting standards laid down in Regulation (EC) No 1126/2008.

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<sup>1</sup> OJ L 243, 11.9.2002, p. 1.

<sup>2</sup> Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council (OJ L 320, 29.11.2008, p. 1).

- (7) Having regard to the urgency of this COVID-19 related operational relief, this Regulation should enter into force on the day following that of its publication in the *Official Journal of the European Union*.
- (8) Regulation (EC) No 1126/2008 should therefore be amended accordingly.
- (9) The measures provided for in this Regulation are in accordance with the opinion of the Accounting Regulatory Committee,

HAS ADOPTED THIS REGULATION:

*Article 1*

In the Annex to Regulation (EC) No 1126/2008, International Financial Reporting Standard (IFRS) 16 *Leases* is amended as set out in the Annex to this Regulation.

*Article 2*

Each company shall apply the amendments referred to in Article 1, at the latest, as from 1 June 2020 for financial years starting on or after 1 January 2020.

*Article 3*

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Commission*  
*The President*  
*Ursula Von Der Leyen*