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From:	European Commission
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To:	General Secretariat of the Council
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Subject:	COMMISSION REGULATION (EU) .../... of XXX amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards 16, 37 and 41, and International Financial Reporting Standards 1, 3 and 9

Delegations will find attached document D071568/01.

Encl.: D071568/01



Brussels, **XXX**
[...](2021) **XXX** draft

D071568/01

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

of **XXX**

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(Text with EEA relevance)

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(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 standards¹, and in particular Article 3(1) thereof,

Whereas:

- (1) By Commission Regulation (EC) No 1126/2008² certain international standards and interpretations that were in existence at 15 October 2008 were adopted.
- (2) On 14 May 2020, the International Accounting Standards Board (IASB) published several minor amendments to International Accounting Standard (IAS) 16 *Property, Plant and Equipment*, IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, and International Financial Reporting Standards (IFRS) 3 *Business Combinations*. Those amendments provide further clarifications for a more consistent application of the standards, or update references.
- (3) The IASB also issued on 14 May 2020 the *Annual Improvements to IFRS Standards 2018–2020 Cycle* in the framework of its regular improvement process. The annual improvements aim at streamlining and clarifying existing standards. The objective of the annual improvements is to address non-urgent but necessary issues discussed by the IASB during the project cycle on areas of inconsistency in International Financial Reporting Standards, or where clarification of wording is required. The annual improvements contain amendments to IAS 41 *Agriculture*, IFRS 1 *First-time Adoption of International Financial Reporting Standards*, and IFRS 9 *Financial Instruments*.
- (4) Following the consultation with the European Financial Reporting Advisory Group, the Commission concludes that the amendments to IAS 16 *Property, Plant and Equipment*, IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, IAS 41 *Agriculture*, IFRS 1 *First-time Adoption of International Financial Reporting*

¹ OJ L 243, 11.9.2002, p. 1.

² 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).

Standards, IFRS 3 *Business Combinations*, and IFRS 9 *Financial Instruments* meet the criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002.

- (5) Regulation (EC) No 1126/2008 should therefore be amended accordingly.
- (6) The measures provided for in this Regulation are in accordance with the opinion of the Accounting Regulatory Committee,

HAS ADOPTED THIS REGULATION:

Article 1

The Annex to Regulation (EC) No 1126/2008 is amended as follows:

- (a) International Accounting Standard (IAS) 16 *Property, Plant and Equipment* is amended as set out in the Annex to this Regulation;
- (b) IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* is amended as set out in the Annex to this Regulation;
- (c) IAS 41 *Agriculture* is amended as set out in the Annex to this Regulation;
- (d) International Financial Reporting Standard (IFRS) 1 *First-time Adoption of International Financial Reporting Standards* is amended as set out in the Annex to this Regulation;
- (e) IFRS 3 *Business Combinations* is amended as set out in the Annex to this Regulation;
- (f) IFRS 9 *Financial Instruments* 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 the commencement date of its first financial year starting on or after 1 January 2022.

Article 3

This Regulation shall enter into force on the twentieth 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