EXPOSURE DRAFT 89

AMENDMENTS TO COSIDER IFRIC INTERPRETATIONS

Program and Technical Director

International Public Sector Accounting Standards Board (IPSASB)

International Federation of Accountants

277 Wellington Street West, 6th floor

Toronto, Ontario M5V 3H2 CANADA

Brasília, Brazil

Jun 17, 2024

Dear Mr. Ross Smith,

The *Conselho Federal de Contabilidade* (CFC) of Brazil welcomes the opportunity to collaborate with the consultation on IPSASB, *Exposure Draft (ED) 89, Amendments to Consider IFRIC Interpretations*. CFC, alongside with its regional arms – *Conselhos Regionais de Contabilidade* (CRCs), is the Professional Accountancy Organization responsible for regulatory activities overseeing the accountancy profession throughout the country.

Our points of view and comments can be found in the Appendix of this document, which was prepared by the Permanent Committee for Public Sector Accounting Standards (CP CASP – acronym in Portuguese) linked to the Federal Accounting Council.

Should you have any questions or require clarification of any matters in this submission, please contact: tecnica@cfc.org.br.

Best regards,

Ana Tércia Lopes Rodrigues
Technical Vice-President
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CONTEXT AND GENERAL COMMENTS

The Brazilian Federation is composed by 26 states, the Federal District and 5,569 municipalities governments. These levels of governments are responsible for formulating, implementing, and evaluating public policies in cooperative and/or competitive arrangements.

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APPENDIX

Specific Matter for Comment 1:

The IPSASB proposes amendments to IPSAS based on five IFRIC Interpretations developed by the IFRS Interpretations Committee, as presented in Table 1, because the guidance is applicable to the public sector (see Basis for Conclusions paragraphs in the respective IPSAS). Do you agree with the proposed amendments? If not, please explain your reasons.

Table 1: Amendments to IPSAS to Consider IFRIC Interpretations

IFRIC Interpretation	Proposed Amendments to IPSAS [Note 1]		Summary of Proposed Amendments
IFRIC 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*	Appendix B and Illustrative Examples	To clarify how an entity should account for specific changes in estimates of existing liabilities to dismantle, remove and restore a property, plant, and equipment asset in the scope of IPSAS 45, or right-of-use asset in the scope of IPSAS 43. (See Part 1)
	IPSAS 43, *Leases*	Reference to IPSAS 19, Appendix B	
	IPSAS 45, *Property, Plant, and Equipment*	Reference to IPSAS 19, Appendix B	
IFRIC 5, *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	IPSAS 19	Appendix C	To clarify how an entity that is a contributor to a decommissioning fund should account for its obligation to pay decommissioning costs and its related interest in that fund. (See Part 2)
IFRIC 7, *Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*	IPSAS 10, *Financial Reporting in Hyperinflationary Economies*	Appendix A	To clarify how an entity identifies the existence of hyperinflation in the economy of its functional currency when the economy was not hyperinflationary in the prior period. (See Part 3)
IFRIC 14, *IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	IPSAS 39, *Employee Benefits*	Appendix AA and Illustrative Examples	To clarify how an entity should consider limits on the defined benefit asset and minimum funding requirements when accounting for its post-employment defined benefits or other long-term employee defined benefits. (See Part 4)
IFRIC 21, *Levies*	IPSAS 19	Appendix D and Illustrative Examples	To clarify how an entity should account for an obligation to pay levies imposed by a government. (See Part 5)

Answer:

CP CASP/CFC agrees with the proposed amendments to IPSAS 19 regarding Decommissioning Costs, in alignment with IFRICs 1 and 5. However, we have weightings about the amendment to IPSAS 19 concerning the recognition of a liability for levies, in alignment with IFRIC 21:

- IFRIC 21 addresses the obligation to pay levies (which may be taxes) not covered by specific IPSAS. In some situations, governments must transfer resources to other governments due to, for example, tax legislation. However, in paragraph D1 of the Exposure Draft, the IPSASB states that levies may be transfer expenses. Therefore, we believe that the Interpretation, from a public sector perspective, is not clear on what constitutes an obligation related to levies within the scope of IPSAS 19 and its relation to IPSAS 48.

We will not provide a response to the proposed amendment to IPSAS 10 - Financial Reporting in Hyperinflationary Economies, in alignment with IFRIC 7.

CP CASP/CFC agrees with the proposed amendments to IPSAS 39 for alignment with IFRIC 14.

Specific Matter for Comment 2:

The IPSASB decided not to propose amendments to IPSAS based on two Interpretations, as presented in Table 2, for the rationale listed below. Do you agree with the IPSASB's decision not to propose amendments to IPSAS for these two Interpretations? If not, please explain your reasons, and indicate where the guidance should be included and why.

Table 2: IFRIC and SIC Interpretations not proposed for inclusion in IPSAS

IFRIC or SIC Interpretation	Summary of IFRIC or SIC Interpretation	IPSASB's Rationale for not Incorporating into IPSAS
IFRIC 6, *Liabilities Arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment*	To clarify when an entity that produces electrical and electronic equipment for household use and is required under legislation to pay e-waste management costs should recognize a provision for waste management costs.	The IPSASB noted that there are rare circumstances where a public sector entity applying IPSAS would be a producer of electrical and electronic equipment for household use. Thus, the IPSASB decided that the guidance in IFRIC 6 is not applicable or useful for the public sector.
SIC-7, *Introduction of the Euro*	To clarify how an entity in a country participating in the Economic and Monetary Union (EMU) should account for the change from its national currency to the euro.	The IPSASB noted that there is limited applicability of the guidance for the international public sector, as-is. Further work is required to consider other challenges in applying IPSAS 4, *The Effects of Changes in Foreign Exchange Rates* in the international public sector, including dollarization and other current or prospective monetary unions. Thus, the IPSASB decided to further consider the application of IPSAS 4 in its future work program.

Answer:

CP CASP/CFC agrees with the IPSASB's decision not to propose amendments to IPSAS based on the guidance of IFRIC 6 – Liabilities, considering that the situations do not apply to the public sector. Similarly, the guidance of SIC 7 – Introduction of the Euro, has limited application and will be the subject of future work programs.

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