

23 July 2020

Dr Keith Kendall  
Chair  
Australian Accounting Standards Board  
PO Box 204  
Collins Street West  
Victoria 8007 AUSTRALIA

Via website: [www.aasb.gov.au](http://www.aasb.gov.au)

Dear Keith

### **Submission on Exposure Draft ED 303 Covid-19-Related Rent Concessions: Tier 2 Disclosures**

As the representatives of over 200,000 professional accountants in Australia, Chartered Accountants Australia and New Zealand (CA ANZ) and CPA Australia thank you for the opportunity to comment on the above Exposure Draft (the ED).

We agree that there is a need to consider appropriate levels of disclosure for entities eligible to apply AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) when they apply the accounting simplifications for COVID-19 related rent concessions permitted by AASB 16 *Leases* (AASB 16) via AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions* (AASB 2020-4). Therefore, we support the proposals outlined in the ED.

Our [submission](#) on the proposals in Exposure Draft 300 *Covid-19 Related Rent Concessions* that preceded amending standard AASB 2020-4 supported amendments to AASB 16 in the interests of promoting a simplified, but internationally consistent solution to the challenges arising from accounting for COVID-19 related rent concessions under AASB 16. However, we are also aware that the accounting simplification offered in AASB 2020-4 has not resolved all the difficulties surrounding this issue and that there is still a level of judgement involved in applying the simplification.

Given the level of judgement involved, we believe an appropriate level of disclosure is necessary to support the accounting treatment adopted in applying the amendments to AASB 16.

We support the reasons set out in the Basis for Conclusions to the ED, that led the AASB to conclude that the disclosures now included in AASB 16 should apply to both Tier 1 and Tier 2 entities applying AASB 16 as well as to those Tier 2 entities eligible to adopt AASB 1060 for their disclosures. Accordingly, we support the proposals to:

- to add a new paragraph 146A to AASB 1060,
- provide relief for such entities from complying with AASB 1060 paragraph 106(b), ensuring consistency with relief provided by the equivalent paragraph to AASB 108 paragraph 28(f), and
- not to provide any disclosure reductions for entities reporting under Tier 2 – Reduced Disclosure Requirements framework in relation to the new disclosures.

As we support the proposals in the ED we have not offered responses to the specific questions raised. If you have any questions about our submission, please contact either Amir Ghandar (CA ANZ) [amir.ghandar@charteredaccountantsanz.com](mailto:amir.ghandar@charteredaccountantsanz.com) or Ram Subramanian (CPA Australia) at [ram.subramanian@cpaaustralia.com.au](mailto:ram.subramanian@cpaaustralia.com.au).

Yours sincerely,



**Simon Grant FCA**  
Group Executive – Advocacy, Professional  
Standing and International Development  
Chartered Accountants Australia and  
New Zealand



**Gary Pflugrath CPA**  
Executive General Manager  
Policy and Advocacy  
CPA Australia