

SECTION PS 3410 government transfers

SUPPLEMENT

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of approving the 2024-2025 Annual Improvements to Public Sector Accounting Standards.

- .34 A recipient government recognizes an asset arising from a transfer when:
- it gains control of resources that meet the definition of an asset; and
 - the general recognition criteria set out in Chapter 9 of the Conceptual Framework are met. [Former paragraph PS 3410.34(b), amended by the Conceptual Framework, retained in Archived Pronouncements.]

Transfers satisfy the definition of an asset when the recipient government controls the resources as a result of a past event and expects to receive future economic benefits from those resources. Only authorization of a transfer as described in paragraph PS 3410.28(a), together with the meeting of all eligibility criteria, comprise a past event for a recipient government that gives it control of the transfer and justifies the recognition of a transfer receivable. Transfers satisfy the criteria for recognition as an asset when it is expected that the inflow of resources will occur and their value can be reliably measured.

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SUPPLEMENT

This supplement sets out the previous wording of paragraphs that have been amended substantially as a consequence of approving the amendments to TANGIBLE CAPITAL ASSETS, Section PS 3150.

- .05 This Section does not deal with:
- transfers made through a tax system that are authorized through tax legislation; 1
 - grants in lieu of taxes; 2
 - settlements of lawsuits or other types of legal compensation provided by governments;
 - Canada Pension Plan (CPP) and Quebec Pension Plan (QPP) payments; 3 and
 - transfers of **non-monetary** assets other than tangible capital assets. Examples of transfers of non-monetary assets that are excluded from the scope of the Section are: transfers of purchased natural resources or purchased intangibles, transfers of equity investments, transfers of items inherited in right of the Crown or transfers of works of art and historical treasures. 4 [Former footnote 4 of paragraph PS 3410.05(e), amended by FINANCIAL STATEMENT PRESENTATION, Section PS 1202, retained in Archived Pronouncements.] [Former PS 3410.05 and related footnote, amended by the Conceptual Framework, retained in Archived Pronouncements.] [Former paragraph PS 3410.05(e) and related footnote, amended by changes to FINANCIAL STATEMENT CONCEPTS, Section PS 1000, retained in Archived Pronouncements.]

SUPPLEMENT

This supplement sets out the previous wording of the paragraph that has been amended as a consequence of approving FINANCIAL STATEMENT PRESENTATION, Section PS 1202.

- .05 This Section does not deal with:
- transfers made through a tax system that are authorized through tax legislation; 1
 - grants in lieu of taxes; 2
 - settlements of lawsuits or other types of legal compensation provided by governments;
 - Canada Pension Plan (CPP) and Quebec Pension Plan (QPP) payments; 3 and
 - transfers of non-monetary assets other than tangible capital assets. Examples of transfers of non-monetary assets that are excluded from the scope of the Section are: transfers of purchased natural resources or purchased intangibles, transfers of equity investments, transfers of items inherited in right of the Crown or transfers of works of art and historical treasures. 4 [Former PS 3410.05 and related footnote, amended by the Conceptual Framework, retained in Archived Pronouncements.] [Former paragraph PS 3410.05(e) and related footnote, amended by changes to FINANCIAL STATEMENT CONCEPTS, Section PS 1000, retained in Archived Pronouncements.]

SUPPLEMENT

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of approving the new CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING.

- .05 This Section does not deal with:

- (a) transfers made through a tax system that are authorized through tax legislation; 1
 - (b) grants in lieu of taxes; 2
 - (c) settlements of lawsuits or other types of legal compensation provided by governments;
 - (d) Canada Pension Plan (CPP) and Quebec Pension Plan (QPP) payments; 3 and
 - (e) transfers of **non-monetary** assets other than tangible capital assets. Examples of transfers of non-monetary assets that are excluded from the scope of the Section are: transfers of purchased natural resources or purchased intangibles, transfers of equity investments, transfers of items inherited in right of the Crown or transfers of works of art and historical treasures. 4
- .10 The past event(s) that create(s) a liability 5 for a transferring government to provide a transfer or that creates a transfer receivable 6 for a recipient government, comprises both the meeting of eligibility criteria by a transfer recipient and the authorization of the transfer by the transferring government.
- .13 Given the non-exchange nature of government transfers, a transferring government does not receive a direct economic benefit that it can control in exchange for a transfer, as is required by the definition of an asset. 7 As a result, the transferring government incurs an expense and does not acquire an asset by providing a transfer.
- .34 A recipient government recognizes an asset arising from a transfer when:
- (a) it gains control of resources that meet the definition of an asset; and
 - (b) the general recognition criteria set out in FINANCIAL STATEMENT CONCEPTS, Section PS 1000, are met.
- Transfers satisfy the definition of an asset when the recipient government controls the resources as a result of a past event and expects to receive future economic benefits from those resources. Only authorization of a transfer as described in paragraph PS 3410.28(a), together with the meeting of all eligibility criteria, comprise a past event for a recipient government that gives it control of the transfer and justifies the recognition of a transfer receivable. Transfers satisfy the criteria for recognition as an asset when it is expected that the inflow of resources will occur and their value can be reliably measured.
- SUPPLEMENT**
- This supplement sets out the previous wording of a paragraph amended as a consequence of approving narrow scope amendments to FINANCIAL STATEMENT CONCEPTS, Section PS 1000, to allow for recognition of purchased intangibles in financial statements.
- .05 This Section does not deal with:
- (e) transfers of **non-monetary** assets other than tangible capital assets. Examples of transfers of non-monetary assets that are excluded from the scope of the Section are: transfers of purchased natural resources and rights, transfers of equity investments, transfers of items inherited in right of the Crown or transfers of works of art and historical treasures.4
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Footnotes

1. See TAX REVENUE, paragraph PS 3510.41.
 2. Governments are not precluded from applying the standards if, in their judgment, the standards are appropriate because their grants in lieu of taxes have the characteristics of government transfers.
 3. CPP and QPP payments are not considered to meet the definition of a government transfer.
 4. In accordance with FINANCIAL STATEMENT PRESENTATION, Section PS 1202, all intangibles that have been developed or have not been purchased, Crown lands and natural resources that have not been purchased, as well as works of art and historical treasures, are not recognized as assets in government financial statements.
1. See TAX REVENUE, paragraph PS 3510.41.
 2. Governments are not precluded from applying the standards if, in their judgment, the standards are appropriate because their grants in lieu of taxes have the characteristics of government transfers.
 3. CPP and QPP payments are not considered to meet the definition of a government transfer.
 4. In accordance with FINANCIAL STATEMENT PRESENTATION, Section PS 1201, all intangibles that have been developed or have not been purchased, Crown lands and natural resources that have not been purchased, as well as works of art and historical treasures, are not recognized as assets in government financial statements.
1. See TAX REVENUE, paragraph PS 3510.41.

2. Governments are not precluded from applying the standards if, in their judgment, the standards are appropriate because their grants in lieu of taxes have the characteristics of government transfers.
 3. CPP and QPP payments are not considered to meet the definition of a government transfer.
 4. In accordance with FINANCIAL STATEMENT CONCEPTS, Section PS 1000, developed and inherited intangibles, and items inherited by right of the Crown, such as Crown lands and natural resources, as well as all works of art and historical treasures, are not recognized as assets in government financial statements.
 5. See LIABILITIES, paragraph PS 3200.05(c).
 6. See FINANCIAL STATEMENT CONCEPTS, paragraph PS 1000.36(c).
 7. See FINANCIAL STATEMENT CONCEPTS, paragraphs PS 1000.35-.38.
 4. In accordance with FINANCIAL STATEMENT CONCEPTS, Section PS 1000, all intangibles, and items inherited by right of the Crown, such as Crown lands, forests, water and mineral resources, as well as works of art and historical treasures, are not recognized as assets in government financial statements.
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