

CPA Canada handbook – accounting, part I

highlight summary no. I.42

September 2017

(Note: Any changes to previously issued standards are identified in the effective date guidance in each affected standard.)

IAS 39 Financial Instruments: Recognition and Measurement (when IFRS 9 application is deferred)

The Accounting Standards Board (AcSB) has incorporated into the 2018 Edition the version of IAS 39 to be applied by entities whose activities are predominantly connected with insurance and that choose to temporarily defer applying IFRS 9 *Financial Instruments*, as permitted by *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* (Amendments to IFRS 4) (see Highlight Summary No. I.38).

IFRIC 23 Uncertainty over Income Tax Treatments

This new Interpretation, issued by the International Accounting Standards Board (IASB) in June 2017, clarifies how to apply the recognition and measurement requirements in IAS 12 *Income Taxes* when there is uncertainty over income tax treatments.

The main features of IFRIC 23 are as follows:

- An entity considers an uncertain tax treatment separately or together with other uncertain tax treatments depending on which approach better predicts the resolution of the uncertainty.
- Taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates are determined based on whether it is probable that a taxation authority will accept an uncertain tax treatment.
- An entity reassesses judgments or estimates relating to uncertain tax treatments when facts and circumstances change.

The Interpretation is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted.

IFRS 16 Non-authoritative Material

The Basis for Conclusions and Illustrative Examples issued by the IASB in January 2016 that accompany, but are not part of, IFRS 16 *Leases* have been added.