

## IFRS APPLICATION AROUND THE WORLD

JURISDICTIONAL PROFILE: **Palestine**

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This Profile provides information about the application of IFRS Standards in Palestine. IFRS Standards are developed and issued in the public interest by the International Accounting Standards Board (the Board). The Board is the standard-setting body of the IFRS® Foundation, an independent, private sector, not-for-profit organisation.

This Profile has been prepared by the IFRS Foundation based on information from various sources. The starting point was the answers provided by standard-setting and other relevant bodies in response to surveys that the Foundation conducted on the application of IFRS Standards around the world. The Foundation drafted the profile and invited the respondents to the survey and others (including regulators and international audit firms) to review the drafts, and their comments are reflected.

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**RELEVANT JURISDICTIONAL AUTHORITY**

Organisation	Palestinian Association of Certified Public Accountants (PACPA)
	Palestine Capital Market Authority (PCMA)
	Palestine Monetary Authority (PMA)
	Palestine Board of Professional Auditing (BOPA)

Role of the organisations	<p>The PACPA was founded in 1995, under a license issued by the Ministry of Interior (No. 5026). Its mission is to 'develop the members' professional capacity, ensuring the compliance with professional code of conduct, encouraging the implementation of the International professional standards and playing an active role in presenting Palestine regionally and internationally'. The role of PACPA was enhanced by the Law of Audit Practice No 9, adopted in 2004, which gave PACPA responsibilities related to practice and membership management and development.</p> <p>The Palestine Capital Market Authority has statutory responsibility for prescribing the accounting standards for public interest companies – listed companies and insurance companies.</p> <p>The Palestine Monetary Authority has statutory responsibility for prescribing the accounting standards for banks, micro-finance institutions, and other financial institutions.</p> <p>The Palestine Board of Professional Auditing has statutory responsibility for prescribing the accounting and auditing standards to be used by companies that are not public-interest companies.</p>
Websites	<p>PACPA: <a href="http://www.pacpa.ps">http://www.pacpa.ps</a></p> <p>Palestine Capital Market Authority: <a href="http://www.pcma.ps">http://www.pcma.ps</a></p> <p>Palestine Monetary Authority: <a href="http://www.pma.ps">www.pma.ps</a></p> <p>Palestine Board of Professional Auditing: <a href="http://www.bopa.ps/">http://www.bopa.ps/</a></p>
Email contacts	<p>PACPA: <a href="mailto:info@pacpa.ps">info@pacpa.ps</a></p> <p>Palestine Capital Market Authority: <a href="mailto:info@pcma.ps">info@pcma.ps</a></p> <p>Palestine Monetary Authority: <a href="mailto:info@pma.ps">info@pma.ps</a></p>

## COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	<p>Yes.</p> <p>By having adopted IFRS Standards under the law for all listed companies, insurance companies, banks, and other financial institutions, Palestine has publicly stated its support for global accounting standards.</p>
Has the jurisdiction made a public commitment towards IFRS Standards as that single set of high quality global accounting standards?	<p>Yes.</p> <p>By having adopted IFRS Standards under the law for all listed companies, insurance companies, banks, and other financial institutions, Palestine has publicly stated its support for IFRS as the single set of global accounting standards.</p>
What is the jurisdiction's status of adoption?	<p>Palestine has adopted IFRS Standards and the IFRS for SMEs Standard.</p>

Additional comments provided on the adoption status?

**Listed companies and insurance companies:** The laws and regulations of the Palestine Capital Market Authority require all insurance companies and listed companies to use IFRS Standards both in maintaining their accounts and in preparing their financial statements.

**Banks and other financial institutions:** The banking law and the regulations of Palestine Monetary Authority require all banks and financial institutions to use IFRS Standards.

Links to the above laws and regulations requiring IFRS Standards are as follows (English unless otherwise noted):

For insurance companies, see article 3, point 2 of:

[http://www.pcma.ps/portal/english/IA/Decisions/Interim\\_and\\_Final\\_Financial\\_Data.pdf](http://www.pcma.ps/portal/english/IA/Decisions/Interim_and_Final_Financial_Data.pdf)

For lease financing companies, see article 45 of 'Instructions no. 1 for the year 2016 for licensing and supervising financial leasing companies':

<https://www.pcma.ps/portal/english/FLS/Pages/Instructions.aspx>

For banks accounts (Arabic), see article 46 and 47 of 'Instructions no. 1 for the year 2016 for licensing and supervising financial leasing companies':

<https://www.pcma.ps/portal/english/FLS/Pages/Instructions.aspx>

For central bank accounts, see article 2 point 3 (Arabic) of:

[http://www.pma.ps/Portals/1/Users/002/02/2/Legislation/Laws/Presidential\\_Decree\\_No\\_108\\_of\\_2011\\_on\\_Financial\\_and\\_Accounting\\_System\\_in%20the\\_PM\\_A.pdf](http://www.pma.ps/Portals/1/Users/002/02/2/Legislation/Laws/Presidential_Decree_No_108_of_2011_on_Financial_and_Accounting_System_in%20the_PM_A.pdf)

For securities companies, see point 1 (Arabic) of:

[http://www.pcma.ps/securitiesSector/Circulars\\_Docs/Sec\\_BrokersAccSystem\\_Law.pdf](http://www.pcma.ps/securitiesSector/Circulars_Docs/Sec_BrokersAccSystem_Law.pdf)

For listed companies, see the Securities Law Articles 26:

[http://www.pcma.ps/portal/english/Securities/Securities\\_Law/Securities\\_Law\\_No\\_12\\_of\\_2004.pdf](http://www.pcma.ps/portal/english/Securities/Securities_Law/Securities_Law_No_12_of_2004.pdf)

and also see PCMA Securities Issuance Instructions, Article 9:

[http://www.pcma.ps/portal/english/Securities/Instructions/Securities\\_Issuance\\_Instructions.pdf](http://www.pcma.ps/portal/english/Securities/Instructions/Securities_Issuance_Instructions.pdf)

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If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Standards in the jurisdiction.

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Not applicable.

## EXTENT OF IFRS APPLICATION

### *For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Standards REQUIRED or PERMITTED?

IFRS are required.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

Are IFRS Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?

Yes.

For instance, are IFRS Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?

IFRS Standards are required.

For instance, are IFRS Standards required or permitted for companies whose securities do not trade in a public market?

SMEs that are 'private registered companies' must choose either full IFRS Standards or the IFRS for SMEs Standard. SMEs that are individual type companies such as partnerships and proprietorships are not required to use any particular accounting standards, though they are permitted to use either full IFRS Standards or the IFRS for SMEs Standard.

If the jurisdiction currently does NOT require or permit the use of IFRS Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Standards for such companies in the future?

Not applicable.

### *For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Standards REQUIRED or PERMITTED in such cases?

IFRS Standards are required.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

## IFRS ENDORSEMENT

Which IFRS Standards are required or permitted for domestic companies?	IFRS Standards as issued by the IASB Board.
The auditor's report and/or the basis of presentation footnotes states that financial statements have been prepared in conformity with:	IFRS Standards.
Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Standards and the jurisdiction's GAAP)?	No.
Are IFRS Standards incorporated into law or regulations?	Yes. See <a href="#">above</a> .
If yes, how does that process work?	Laws are adopted by the Palestinian Legislative Council. Securities regulations are issued by the PCMA Board of Directors.
If no, how do IFRS Standards become a requirement in the jurisdiction?	Not applicable.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Standards (including Interpretations) in place	No.
If yes, what is the process?	Not applicable.
If no, how do new or amended IFRS Standards become a requirement in the jurisdiction?	IFRS Standards are required by law or regulation. Those laws and regulations apply to new and amended IFRS Standards as well as those existing when the laws or regulations were adopted.
Has the jurisdiction eliminated any accounting policy options permitted by IFRS Standards and/or made any modifications to any IFRS Standards?	No.
If yes, what are the changes?	Not applicable.
Other comments regarding the use of IFRS Standards in the jurisdiction?	None.

## TRANSLATION OF IFRS STANDARDS

Are IFRS Standards translated into the local language?	The IFRS Foundation coordinates the publication of an annual bound volume of IFRS Standards in Arabic.
If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Standards?	Yes.

## APPLICATION OF THE IFRS FOR SMEs STANDARD

Has the jurisdiction adopted the IFRS for SMEs Standard for at least some SMEs? Yes.

If no, is the adoption of the IFRS for SMEs Standard under consideration? Not applicable.

Did the jurisdiction make any modifications to the IFRS for SMEs Standard? No.

If the jurisdiction has made any modifications, what are those modifications? Not applicable.

Which SMEs use the IFRS for SMEs Standard in the jurisdiction, and are they required or permitted to do so? SMEs that are 'private registered companies' must choose either full IFRS Standards or the IFRS for SMEs Standard. SMEs that are individual type companies such as partnerships and proprietorships are not required to use any particular accounting standards, though they are permitted to use either full IFRS Standards or the IFRS for SMEs Standard.

For those SMEs that are not required to use the IFRS for SMEs Standard, what other accounting framework do they use? See above.

Other comments regarding use of the IFRS for SMEs Standard? SMEs are encouraged by PACPA to use the IFRS for SMEs Standard.