

Comment on Exposure Draft on Covid-19-Related Rent Concessions beyond 30 June 2021

1. The practical expedient in Para 46B was added with following conditions to be satisfied for a rent concession to not be treated as lease modification.
 - (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - (b) any reduction in lease payments affects only payments originally due on or before the 30th June, 2022 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before the 30th June, 2022 and increased lease payments that extend beyond the 30th June, 2022); and
 - (c) there is no substantive change to other terms and conditions of the lease.

Para C1C of the Exposure Draft requires lessee to apply that amendment for annual reporting periods beginning on or after 1 April 2021.

2. The amendment where the applicability of the expedient is extended to a further period of 1 year makes it mandatory in case the lessee has applied the practical expedient for Annual reporting periods beginning on or after 1st April, 2020. This is to ensure consistency for similar contracts and enabling users of the financial information to derive meaningful information.
3. This implies that any rent concessions which were ineligible for the original practical expedient under the 2020 amendments but becomes eligible due to this extension would require reversing of the accounting of previous lease modifications.

4. The disclosure requirements are in line with the Paragraph 28(f)¹ of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* in the context that they do not apply on initial application as stated in Para C20BB

In the reporting period in which a lessee first applies Covid-19-Related Rent Concessions beyond 30 June 2021, a lessee is not required to disclose the information required by paragraph 28(f) of Ind AS 8.

5. The Pandemic has overstayed its duration and the situation throughout globe is likely to be remain uncertain in the times to come. The accounting policies thus need to be in line with the IFRS and thus the extension, which is on a similar line as to amendment in IFRS 16 is a welcome step and needs to be implemented in a time bound manner since the validity of the original amendment will be expiring within the next 3 month time.