

## **Comments on the Exposure Draft: Provisions—Targeted Improvements (Proposed Amendments to IAS 37)**

The proposed amendments represent a significant step toward improving the clarity, consistency, and alignment of IAS 37 with the Conceptual Framework.

Below are our detailed comments on the key aspects of the Exposure Draft:

1. **Alignment with the Conceptual Framework:**

The proposal to update the definition of a liability and the wording of the present obligation recognition criterion to align with the Conceptual Framework is a welcome step. This alignment is expected to enhance consistency across IFRS Standards and reduce interpretational ambiguities. However, we suggest that the IASB further clarifies whether the revised definition will lead to significant changes in the recognition of liabilities in practice, particularly in industries with complex provisions.

2. **Amending the Present Obligation Recognition Criterion:**

The incorporation of concepts from the Conceptual Framework into the requirements supporting the present obligation recognition criterion is appreciated. However, we recommend providing illustrative examples of practical scenarios where the updated requirements would apply, to assist preparers and stakeholders in understanding the changes.

3. **Withdrawal of IFRIC 6 and IFRIC 21:**

While withdrawing IFRIC 6 and IFRIC 21 is aligned with the proposed amendments, the transition guidance should ensure minimal disruption. The illustrative examples provided in the Guidance on implementing IAS 37 are helpful, but additional examples addressing industry-specific issues, such as those related to environmental liabilities or government levies, would provide more clarity.

4. **Implementation Guidance and Transitional Provisions:**

The implementation guidance accompanying the amendments is critical for smooth adoption. We recommend that the IASB include specific transitional provisions and allow sufficient time for preparers to adapt their systems and processes. Additionally, considering that the amendments replace long-standing IFRIC interpretations, more explicit guidance on handling pre-existing liabilities is necessary.

5. **Impact on Ind AS:**

As Indian Accounting Standards (Ind AS) are based on IFRS Standards, these amendments will have a significant impact on the preparation and presentation of financial statements under Ind AS 37. The stakeholders in India will require adequate time and resources for implementation. Hence, we suggest close coordination with national standard setters, like ICAI, to ensure effective and timely adoption.

### **Conclusion:**

The proposed amendments are a step in the right direction to improve IAS 37's applicability and consistency. However, additional guidance and examples will be beneficial in addressing potential implementation challenges.