



2025/1331

10.7.2025

COMMISSION REGULATION (EU) 2025/1331

of 9 July 2025

amending Regulation (EU) 2023/1803 as regards International Financial Reporting Standards 1, 7, 9 and 10, and International Accounting Standard 7

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards ⁽¹⁾, and in particular Article 3(1) thereof,

Whereas:

- (1) By Commission Regulation (EU) 2023/1803 ⁽²⁾, certain international accounting standards and interpretations that were in existence on 8 September 2022 were adopted.
- (2) On 18 July 2024, the International Accounting Standards Board ('IASB') issued the *Annual Improvements to IFRS Accounting Standards – Volume 11* in the framework of its regular improvement process. The annual improvements aim at streamlining and clarifying existing standards. The objective of the annual improvements is to address non-urgent but necessary issues discussed by the IASB during the project cycle on areas of inconsistency in IFRS Accounting Standards, or where clarification of wording is required.
- (3) The annual improvements contain small amendments to International Financial Reporting Standard ('IFRS') 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 9 *Financial Instruments* and IFRS 10 *Consolidated Financial Statements* and International Accounting Standard ('IAS') 7 *Statement of Cash Flows*.
- (4) Following a consultation with the European financial reporting advisory group EFRAG, the Commission concludes that the amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 meet the conditions for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002.
- (5) Regulation (EU) 2023/1803 should therefore be amended accordingly.
- (6) The measures provided for in this Regulation are in accordance with the opinion of the Accounting Regulatory Committee,

HAS ADOPTED THIS REGULATION:

Article 1

In the Annex to Regulation (EU) 2023/1803, the following is amended in accordance with the Annex to this Regulation:

- (a) International Financial Reporting Standard ('IFRS') 1 First-time Adoption of International Financial Reporting Standards;
- (b) IFRS 7 Financial Instruments: Disclosures;
- (c) IFRS 9 Financial Instruments;

⁽¹⁾ OJ L 243, 11.9.2002, p. 1, ELI: <http://data.europa.eu/eli/reg/2002/1606/oj>.

⁽²⁾ Commission Regulation (EU) 2023/1803 of 13 September 2023 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council (OJ L 237, 26.9.2023, p. 1, ELI: <http://data.europa.eu/eli/reg/2023/1803/oj>).

- (d) IFRS 10 Consolidated Financial Statements;
- (e) International Accounting Standard ('IAS') 7 *Statement of Cash Flows*.

Article 2

Each company shall apply the amendments referred to in Article 1, at the latest, as from the commencement date of its first financial year starting on or after 1 January 2026.

Article 3

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 9 July 2025.

For the Commission
The President
Ursula VON DER LEYEN

ANNEX

Annual Improvements to IFRS Accounting Standards – Volume 11

Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

**Amendments to
IFRS 1 *First-time Adoption of International Financial Reporting Standards***

Paragraph 39AK is added.

EFFECTIVE DATE

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- 39AK *Annual Improvements to IFRS Accounting Standards – Volume 11*, issued in July 2024, amended paragraphs B5–B6. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.

*Appendix B***Exceptions to the retrospective application of other IFRSs**

Paragraphs B5–B6 are amended.

Hedge accounting

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- B5 An entity shall not reflect in its opening IFRS statement of financial position a hedging relationship of a type that does not qualify for hedge accounting in accordance with IFRS 9 (for example, many hedging relationships where the hedging instrument is a stand-alone written option or a net written option; or where the hedged item is a net position in a cash flow hedge for another risk than foreign currency risk) (see paragraph 6.4.1(a) of IFRS 9). However, if an entity designated a net position as a hedged item in accordance with previous GAAP, it may designate as a hedged item in accordance with IFRSs an individual item within that net position, or a net position if that meets the requirements in paragraph 6.6.1 of IFRS 9, provided that it does so no later than the date of transition to IFRSs.
- B6 If, before the date of transition to IFRSs, an entity had designated a transaction as a hedge but the hedge does not meet the qualifying criteria for hedge accounting in paragraph 6.4.1(b)–(c) of IFRS 9, the entity shall apply paragraphs 6.5.6 and 6.5.7 of IFRS 9 to discontinue hedge accounting. Transactions entered into before the date of transition to IFRSs shall not be retrospectively designated as hedges.

**Amendments to
IFRS 7 *Financial Instruments: Disclosures***

Paragraph 44NN is added.

EFFECTIVE DATE AND TRANSITION

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- 44NN *Annual Improvements to IFRS Accounting Standards – Volume 11*, issued in July 2024, amended paragraph B38. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.

Appendix B

Application guidance

Paragraph B38 is amended.

DERECOGNITION (PARAGRAPHS 42C–42H)

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Gain or loss on derecognition (paragraph 42G(a))

B38 Paragraph 42G(a) requires an entity to disclose the gain or loss on derecognition relating to financial assets in which the entity has continuing involvement. The entity shall disclose if a gain or loss on derecognition arose because the fair values of the components of the previously recognised asset (ie the interest in the asset derecognised and the interest retained by the entity) were different from the fair value of the previously recognised asset as a whole. In that situation, the entity shall also disclose whether the fair value measurements included significant unobservable inputs, as described in paragraphs 72–73 of IFRS 13.

**Amendments to
IFRS 9 Financial Instruments****Chapter 2 Scope**

Paragraph 2.1(b)(ii) is amended. Paragraph 2.1(b)(i) is not amended but is included for ease of reference.

2.1. This Standard shall be applied by all entities to all types of financial instruments except:

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- (b) rights and obligations under leases to which IFRS 16 *Leases* applies. However:
 - (i) finance lease receivables (ie net investments in finance leases) and operating lease receivables recognised by a lessor are subject to the derecognition and impairment requirements of this Standard;
 - (ii) **lease liabilities recognised by a lessee are subject to the derecognition requirements in paragraphs 3.3.1 and 3.3.3 of this Standard; and**

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Chapter 5 Measurement

Paragraph 5.1.3 is amended. Paragraphs 5.1.1–5.1.2 are not amended but are included for ease of reference.

5.1 INITIAL MEASUREMENT

5.1.1 Except for trade receivables within the scope of paragraph 5.1.3, at initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, *transaction costs* that are directly attributable to the acquisition or issue of the financial asset or financial liability.

5.1.1A However, if the fair value of the financial asset or financial liability at initial recognition differs from the transaction price, an entity shall apply paragraph B5.1.2 A.

5.1.2. When an entity uses settlement date accounting for an asset that is subsequently measured at amortised cost, the asset is recognised initially at its fair value on the trade date (see paragraphs B3.1.3–B3.1.6).

- 5.1.3. Despite the requirement in paragraph 5.1.1, at initial recognition, an entity shall measure trade receivables at the amount determined by applying IFRS 15 if the trade receivables do not contain a significant financing component in accordance with IFRS 15 (or when the entity applies the practical expedient in accordance with paragraph 63 of IFRS 15).

Chapter 7 Effective date and transition

Paragraphs 7.1.14 and 7.2.50 and the subheading before paragraph 7.2.50 are added.

7.1 EFFECTIVE DATE

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- 7.1.14. *Annual Improvements to IFRS Accounting Standards – Volume 11*, issued in July 2024, amended paragraph 2.1(b)(ii), paragraph 5.1.3 and Appendix A. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.

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7.2 TRANSITION

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Transition for *Annual Improvements to IFRS Accounting Standards – Volume 11*

- 7.2.50. An entity shall apply the amendment to paragraph 2.1(b)(ii) made by *Annual Improvements to IFRS Accounting Standards – Volume 11* to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment.

Appendix A

Defined terms

The last paragraph of Appendix A is amended. Footnotes to the text are not reproduced.

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The following terms are defined in paragraph 11 of IAS 32, Appendix A of IFRS 7 or Appendix A of IFRS 13 and are used in this Standard with the meanings specified in IAS 32, IFRS 7 or IFRS 13:

- (a) credit risk;
- (b) equity instrument;
- (c) fair value;
- (d) financial asset;
- (e) financial instrument; and
- (f) financial liability.

Amendments to IFRS 10 Consolidated Financial Statements

Paragraph B74 is amended. Paragraphs B73 and B75 are not amended but are included for ease of reference.

ASSESSING CONTROL

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Relationship with other parties

- B73 When assessing control, an investor shall consider the nature of its relationship with other parties and whether those other parties are acting on the investor's behalf (ie they are 'de facto agents'). The determination of whether other parties are acting as de facto agents requires judgement, considering not only the nature of the relationship but also how those parties interact with each other and the investor.
- B74 Such a relationship need not involve a contractual arrangement. A party is a de facto agent when the investor has the ability to direct that party to act on the investor's behalf. A party might also be a de facto agent when those that direct the activities of the investor have the ability to direct that party to act on the investor's behalf. The investor shall consider its de facto agent's decision-making rights and its indirect exposure, or rights, to variable returns through the de facto agent together with its own when assessing control of an investee.
- B75 The following are examples of such other parties that, by the nature of their relationship, might act as de facto agents for the investor:
- (a) the investor's related parties.
 - (b) a party that received its interest in the investee as a contribution or loan from the investor.
 - (c) a party that has agreed not to sell, transfer or encumber its interests in the investee without the investor's prior approval (except for situations in which the investor and the other party have the right of prior approval and the rights are based on mutually agreed terms by willing independent parties).
 - (d) a party that cannot finance its operations without subordinated financial support from the investor.
 - (e) an investee for which the majority of the members of its governing body or for which its key management personnel are the same as those of the investor.
 - (f) a party that has a close business relationship with the investor, such as the relationship between a professional service provider and one of its significant clients.

Appendix C

Effective date and transition

Paragraph C1E is added.

EFFECTIVE DATE

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- C1E *Annual Improvements to IFRS Accounting Standards – Volume 11*, issued in July 2024, amended paragraph B74. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.

**Amendments to
IAS 7 Statement of Cash Flows**

Paragraph 37 is amended.

INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

37. When accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity method or at cost, an investor restricts its reporting in the statement of cash flows to the cash flows between itself and the investee, for example, to dividends and advances.

Paragraph 65 is added.

EFFECTIVE DATE AND TRANSITION

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65. *Annual Improvements to IFRS Accounting Standards – Volume 11*, issued in July 2024, amended paragraph 37. An entity shall apply that amendment for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. If an entity applies that amendment for an earlier period, it shall disclose that fact.
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