

**COMMISSION REGULATION (EU) 2019/402****of 13 March 2019****amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard 19**

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 <sup>(1)</sup>, and in particular Article 3(1) thereof,

Whereas:

- (1) By Commission Regulation (EC) No 1126/2008 <sup>(2)</sup> certain international standards and interpretations that were in existence at 15 October 2008 were adopted.
- (2) On 7 February 2018, the International Accounting Standards Board (IASB) published Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) in the framework of its regular improvement process, which aims at streamlining and clarifying the standards. The objective of the amendments is to clarify that, after a defined-benefit plan amendment, curtailment or settlement occurs, an entity should apply the updated assumptions from the remeasurement of its net defined benefit liability (asset) for the remainder of the reporting period.
- (3) Following the consultation with the European Financial Reporting Advisory Group, the Commission concludes that the amendments to International Accounting Standard (IAS) 19 *Employee Benefits* meet the criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002.
- (4) Regulation (EC) No 1126/2008 should therefore be amended accordingly.
- (5) 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 (EC) No 1126/2008, International Accounting Standard (IAS) 19 *Employee Benefits* is amended as set out in the Annex to this Regulation.*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 2019.

*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*.<sup>(1)</sup> OJ L 243, 11.9.2002, p. 1.<sup>(2)</sup> Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council (OJ L 320, 29.11.2008, p. 1).

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

Done at Brussels, 13 March 2019.

*For the Commission*  
*The President*  
Jean-Claude JUNCKER

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## ANNEX

**Plan Amendment, Curtailment or Settlement**

(Amendments to IAS 19)

Amendments to IAS 19 *Employee Benefits*

Paragraphs 101A, 122A, 123A and 179 are added and paragraphs 57, 99, 120, 123, 125, 126 and 156 are amended. A heading is added before paragraph 122A.

## POST-EMPLOYMENT BENEFITS: DEFINED BENEFIT PLANS

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**Recognition and measurement**

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57. Accounting by an entity for defined benefit plans involves the following steps:

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(c) determining amounts to be recognised in profit or loss:

(i) current service cost (see paragraphs 70–74 and paragraph 122A).

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*Past service cost and gains and losses on settlement*

**99. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions, (including current market interest rates and other current market prices), reflecting:**

**(a) the benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and**

**(b) the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement.**

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101A When a plan amendment, curtailment or settlement occurs, an entity shall recognise and measure any past service cost, or a gain or loss on settlement, in accordance with paragraphs 99–101 and paragraphs 102–112. In doing so, an entity shall not consider the effect of the asset ceiling. An entity shall then determine the effect of the asset ceiling after the plan amendment, curtailment or settlement and shall recognise any change in that effect in accordance with paragraph 57(d).

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**Components of defined benefit cost**

**120. An entity shall recognise the components of defined benefit cost, except to the extent that another IFRS requires or permits their inclusion in the cost of an asset, as follows:**

**(a) service cost (see paragraphs 66–112 and paragraph 122A) in profit or loss;**

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*Current service cost*

**122A An entity shall determine current service cost using actuarial assumptions determined at the start of the annual reporting period. However, if an entity remeasures the net defined benefit liability (asset) in accordance with paragraph 99, it shall determine current service cost for the remainder of the**

**annual reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) in accordance with paragraph 99(b).**

*Net interest on the net defined benefit liability (asset)*

**123. An entity shall determine net interest on the net defined benefit liability (asset) by multiplying the net defined benefit liability (asset) by the discount rate specified in paragraph 83.**

**123A To determine net interest in accordance with paragraph 123, an entity shall use the net defined benefit liability (asset) and the discount rate determined at the start of the annual reporting period. However, if an entity remeasures the net defined benefit liability (asset) in accordance with paragraph 99, the entity shall determine net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using:**

**(a) the net defined benefit liability (asset) determined in accordance with paragraph 99(b); and**

**(b) the discount rate used to remeasure the net defined benefit liability (asset) in accordance with paragraph 99(b).**

**In applying paragraph 123A, the entity shall also take into account any changes in the net defined benefit liability (asset) during the period resulting from contributions or benefit payments.**

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**125. Interest income on plan assets is a component of the return on plan assets, and is determined by multiplying the fair value of the plan assets by the discount rate specified in paragraph 123A. An entity shall determine the fair value of the plan assets at the start of the annual reporting period. However, if an entity remeasures the net defined benefit liability (asset) in accordance with paragraph 99, the entity shall determine interest income for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the plan assets used to remeasure the net defined benefit liability (asset) in accordance with paragraph 99(b). In applying paragraph 125, the entity shall also take into account any changes in the plan assets held during the period resulting from contributions or benefit payments. The difference between the interest income on plan assets and the return on plan assets is included in the remeasurement of the net defined benefit liability (asset).**

**126. Interest on the effect of the asset ceiling is part of the total change in the effect of the asset ceiling, and is determined by multiplying the effect of the asset ceiling by the discount rate specified in paragraph 123A. An entity shall determine the effect of the asset ceiling at the start of the annual reporting period. However, if an entity remeasures the net defined benefit liability (asset) in accordance with paragraph 99, the entity shall determine interest on the effect of the asset ceiling for the remainder of the annual reporting period after the plan amendment, curtailment or settlement taking into account any change in the effect of the asset ceiling determined in accordance with paragraph 101A. The difference between interest on the effect of the asset ceiling and the total change in the effect of the asset ceiling is included in the remeasurement of the net defined benefit liability (asset).**

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OTHER LONG-TERM EMPLOYEE BENEFITS

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#### **Recognition and measurement**

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**156. For other long-term employee benefits, an entity shall recognise the net total of the following amounts in profit or loss, except to the extent that another IFRS requires or permits their inclusion in the cost of an asset:**

**(a) service cost (see paragraphs 66–112 and paragraph 122A);**

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## TRANSITION AND EFFECTIVE DATE

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179. *Plan Amendment, Curtailment or Settlement* (Amendments to IAS 19), issued in February 2018, added paragraphs 101A, 122A and 123A, and amended paragraphs 57, 99, 120, 123, 125, 126 and 156. An entity shall apply these amendments to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019. Earlier application is permitted. If an entity applies these amendments earlier, it shall disclose that fact.
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