

**COMMISSION REGULATION (EU) 2021/1421****of 30 August 2021****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 Financial Reporting Standard 16****(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 <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 on 15 October 2008 were adopted.
- (2) The COVID-19 pandemic caused an unprecedented external shock to the Union and its economy, creating the need for measures aimed at alleviating the adverse impacts on citizens and companies where possible.
- (3) Member States and the Union have taken measures to provide financial relief to companies, including payment holidays based on private or public moratoria, in order to prevent unnecessary bankruptcies and job losses, and to underpin rapid recovery.
- (4) On 28 March 2020, the International Accounting Standards Board (IASB) published Covid-19-Related Rent Concessions (Amendment to IFRS 16), which was adopted by Commission Regulation (EU) 2020/1434 <sup>(3)</sup>.
- (5) On 31 March 2021, the IASB published Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).
- (6) The amendment to International Financial Reporting Standard (IFRS) 16 *Leases* extends the optional, temporary COVID-19-related operational relief for lessees for lease contracts with payment relief and payments originally due before, or on 30 June 2021 to lease contracts with payment relief and payments originally due before, or on 30 June 2022.
- (7) Following the consultation with the European Financial Reporting Advisory Group, the Commission concludes that the amendment to IFRS 16 *Leases* meets the criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002.
- (8) Regulation (EC) No 1126/2008 should therefore be amended accordingly.
- (9) The IASB set the effective date of the amendment to IFRS 16 *Leases* as from 1 April 2021. Therefore, the provisions of this Regulation should apply retroactively to ensure legal certainty for the issuers concerned and consistency with other accounting standards laid down in Regulation (EC) No 1126/2008.

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<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).

<sup>(3)</sup> Commission Regulation (EU) 2020/1434 of 9 October 2020 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 Financial Reporting Standard 16 (OJ L 331, 12.10.2020, p. 20).

- (10) Having regard to the urgency of this COVID-19 related operational relief, this Regulation should enter into force on the day following that of its publication in the *Official Journal of the European Union*.
- (11) 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 Financial Reporting Standard (IFRS) 16 *Leases* is amended as set out in the Annex to this Regulation.

*Article 2*

Each company shall apply the amendments referred to in Article 1 as from 1 April 2021 for financial years starting, at the latest, on or after 1 January 2021.

*Article 3*

This Regulation shall enter into force on the 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, 30 August 2021.

*For the Commission*  
*The President*  
Ursula VON DER LEYEN

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## ANNEX

**Covid-19-Related Rent Concessions beyond 30 June 2021****Amendment to IFRS 16****Amendment to IFRS 16 Leases**

Paragraph 46B is amended. Paragraphs C1C and C20BA-C20BC are added.

LESSEE

**Measurement*****Subsequent measurement****Lease modifications*

46B The practical expedient in paragraph 46A applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:

- (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 30 June 2022 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022); and
  - (c) there is no substantive change to other terms and conditions of the lease.
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### Appendix C

#### Effective date and transition

##### EFFECTIVE DATE

C1C *Covid-19-Related Rent Concessions beyond 30 June 2021*, issued in March 2021, amended paragraph 46B and added paragraphs C20BA–C20BC. A lessee shall apply that amendment for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted, including in financial statements not authorised for issue at 31 March 2021.

##### TRANSITION

#### Covid-19-related rent concessions for lessees

C20BA A lessee shall apply *Covid-19-Related Rent Concessions beyond 30 June 2021* (see paragraph C1C) retrospectively, recognising the cumulative effect of initially applying that amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment.

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 IAS 8.

C20BC Applying paragraph 2 of this Standard, a lessee shall apply the practical expedient in paragraph 46A consistently to eligible contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient as a result of the lessee applying *Covid-19-Related Rent Concessions* (see paragraph C1A) or *Covid-19-Related Rent Concessions beyond 30 June 2021* (see paragraph C1C).

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