

ESMA recommends supervisory coordination on accounting for COVID-19-related rent concessions

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has issued a [Public Statement](#) recommending coordination of supervisory action with regards to issuers' accounting for COVID-19-related rent concessions.

ESMA acknowledges that, due to the COVID-19 pandemic, issuers encounter difficulties in accounting for the large volumes of lease modifications which have been granted in many jurisdictions. In order to address such such difficulties, the International Accounting Standards Board (IASB) issued in May 2020 an amendment to IFRS 16 providing a practical relief for lessees.

Provided that the European Parliament and the Council do not object to the endorsement of the IFRS 16 amendment, ESMA recommends that National Competent Authorities do not prioritise supervisory actions on the application of the lease modification requirements contained in IFRS 16 as currently endorsed by the EU to COVID-19-related lease modifications which would fall within the scope of the IFRS 16 amendment. This coordination of supervisory actions applies exceptionally for financial periods ending on or before 31 July 2020 and as long as issuers account for those transactions on the basis of the IFRS 16 amendment.