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Sue Lloyd  
Chair  
IFRS Interpretations Committee  
Columbus Building  
7 Westferry Circus  
Canary Wharf  
London  
United Kingdom  
E14 4HD

Dear Ms Lloyd

## **Tentative agenda decision – Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 *Intangible Assets*)**

Deloitte Touche Tohmatsu Limited is pleased to respond to the IFRS Interpretations Committee's publication in the December 2020 IFRIC Update of the tentative decision not to take onto the Committee's agenda the request for clarification on accounting for costs of configuring or customising the supplier's application software in a Software as a Service (SaaS) arrangement.

We agree with the IFRS Interpretations Committee's decision not to add this item onto its agenda for the reasons set out in the tentative agenda decision. However, we believe that the wording of the decision could be clarified as indicated below.

The agenda decision states that in some circumstances an arrangement may result in the customer having to assess whether additional code meets the recognition criteria in IAS 38. We believe these circumstances are limited and, in order to avoid misinterpretation, we would suggest adding a reference to the Committee's Agenda Decision of March 2019. We suggest that this could be achieved by adding the following sentence to the end of this paragraph: "The analysis considered in the Committee's Agenda Decision of March 2019 *Customer's Right to Receive Access to the Supplier's Software Hosted on the Cloud (IAS 38 Intangible Assets)* provides additional guidance on how to make this assessment."

To confirm that the customer does not receive a software asset at any point during the contract we would also suggest that the fact pattern could be clarified by adding the underlined words in the following sentence: "that right to receive access does not provide the customer with a software asset at the contract commencement date or during the contract period".

If you have any questions concerning our comments, please contact Veronica Poole in London at +44 (0) 20 7007 0884.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'V. Poole', with a long horizontal flourish extending to the right.

Veronica Poole  
Global IFRS Leader