

## IFRS in Focus

IASB publishes *Annual Improvements to IFRS Standards 2015–2017 Cycle*

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The International Accounting Standards Board (the IASB) has published the *Annual Improvements to IFRS Standards 2015–2017 Cycle*.

The IASB amended four Standards in this annual improvements package:

- IAS 12 *Income Taxes*;
  - IAS 23 *Borrowing Costs*;
  - IFRS 3 *Business Combinations*; and
  - IFRS 11 *Joint Arrangements*.
- All the amendments are effective for annual periods beginning on or after 1 January 2019, and earlier application is permitted.

#### The amendments

The latest annual improvements package amended four Standards.

##### IAS 12 Income Taxes

The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

##### IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

##### IFRS 3 Business Combinations

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

##### IFRS 11 Joint Arrangements

The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its PHI in the joint operation.

For more information please see the following websites:

[www.iasplus.com](http://www.iasplus.com)

[www.deloitte.com](http://www.deloitte.com)

**Effective date**

All the amendments are effective for annual periods beginning on or after 1 January 2019 and generally require prospective application. Earlier application is permitted.

**Further information**

The amendments are available on the IFRS Foundation website for holders of a professional or comprehensive eIFRS subscription. The amendments will be incorporated in the next updated set of unaccompanied Standards, which are available free of charge to registered users. That update is expected early in 2018.

If you have any questions about the amendments, please speak to your usual Deloitte contact or see the contacts at the end of this note.

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