

Paris, May 7<sup>th</sup>, 2020.

**FBF comments on the Exposure Draft Covid-19-Related Rent Concessions Proposed amendment to IFRS 16**

Dear Mr Gauzes,

The French Banking Federation is pleased to share with the EFRAG its comments on the exposure draft “*Exposure Draft Covid-19-Related Rent Concessions Proposed amendment to IFRS 16*”.

We support the proposed amendment to provide an optional practical relief to lessees in accounting for rent concessions arising as a result of covid-19. We share the reasons of the amendment due to the significant practical challenges that lessees would face identifying covid-19 related rent concessions subject to lease modification and then applying the current accounting requirements.

We agree that the proposed exemption to rent concessions should be limited to those that are directly linked to the covid-19 pandemic and that a timeframe should be defined to meet the restriction.

However, we believe that the timeframe should not be limited to only lease payments originally due in 2020 as it would not encompass situations where concessions would have been granted in 2020 as a result of the covid-19 situation but where they would have effects beyond 2020, (e.g. if a 6 month holiday is granted from September 2020).

In such situations, in order to take into account rent concessions granted in 2020 but whose effects would continue into 2021, while limiting these concessions to those directly related to the covid-19 situation, we suggest that the timeframe condition should be defined for any reduction in lease payments whose effective date according to IFRS 16 occurs in 2020 instead of considering any reduction in lease payments affecting payments only due in 2020. It would also ensure an equal treatment of concessions that are economically similar despite differences between the respective timeframe of the reduction of lease payments (e.g. a 6 month holiday granted as from July 2020 versus a reduction of 50% of lease payments over the next 12 months).

**Mr Jean-Paul GAUZES**  
**EFRAG Board President**  
**35 Square de Meeûs**  
**B-1 000 Bruxelles**

Finally, concerning the date of application, we understand that the Board of the IASB intends to issue the final amendment, which would be available to lessees immediately, in May 2020. We also understand the intend of the EFRAG to start the endorsement advice process in a timely manner.

Indeed, as far as Europe is concerned, attention must be given to the European endorsement process of the proposed amendment and its prompt launching prior to the end of June 2020. It is of the utmost importance that the European entities could be in position to possibly early apply the amendments, even if the final approval of the text by the EU occur shortly after end of June 2020.

We hope you find our comments useful and would be pleased to provide any further information you might require.

Yours sincerely,

Bertrand Lussigny