

NZASB Exposure Draft 2020-4

PBE IFRS 17¹ – Deferral of Effective Date

(NZASB ED 2020-4)

Invitation to Comment

June 2020

¹ PBE IFRS 17 *Insurance Contracts* applies to Tier 1 and Tier 2 not-for-profit public benefit entities.

© External Reporting Board 2020
PO Box 11250
Manners St Central, Wellington 6142
New Zealand
<http://www.xrb.govt.nz>

Permission to reproduce: The copyright owner authorises reproduction of this work, in whole or in part, so long as no charge is made for the supply of copies, and the integrity and attribution of the work as a publication of the External Reporting Board is not interfered with in any way.

Disclaimer: Readers are advised to seek specific advice from an appropriately qualified professional before undertaking any action relying on the contents of this document. The External Reporting Board does not accept any responsibility whether in contract, tort, equity or otherwise for any action taken, or reliance placed on, any part, or all, of the information in this document, or for any error or omission from this document.

Table of Contents

	Page
Information for respondents	4
Question for respondents	4
1. Introduction	5
1.1 Proposed deferral of effective date.....	5
1.2 Timeline and next steps.....	5
NZASB ED 2020-4	6

Information for respondents

Invitation to Comment

The New Zealand Accounting Standards Board (NZASB)¹ is seeking comments on the specific matters raised in this Invitation to Comment. We will consider all comments before finalising the proposals.

If you want to comment, please supplement your opinions with detailed comments, whether supportive or critical of the proposals, as both supportive and critical comments are essential to a balanced view.

Comments are most useful if they indicate the specific paragraph to which they relate, contain a clear rationale and, where applicable, provide a suggestion for an alternative.

Comments should be submitted electronically using our 'Open for comment' page at: <https://www.xrb.govt.nz/accounting-standards/standards-in-development/open-for-comment/>.

Please include *PBE IFRS 17 – Deferral of Effective Date* in the subject line and indicate whether the comments are made on your own behalf, or on behalf of a group of people, or an entity.

The closing date for submissions is **22 July 2020**.

Publication of submissions, the Official Information Act and the Privacy Act

We intend publishing all submissions on the XRB website (xrb.govt.nz), unless the submission may be defamatory. If you have any objection to publication of your submission, we will not publish it on the internet. However, it will remain subject to the Official Information Act 1982 and, therefore, it may be released in part or in full. The Privacy Act 1993 also applies.

If you have an objection to the release of any information contained in your submission, we would appreciate you identifying the parts of your submission to be withheld, and the grounds under the Official Information Act 1982 for doing so (e.g. that it would be likely to unfairly prejudice the commercial position of the person providing the information).

Question for respondents

	Page
1 Do you agree with the proposal to defer the effective date of PBE IFRS 17 <i>Insurance Contracts</i> by one year (from 1 January 2022 to 1 January 2023)? If you disagree, please explain why.	5

¹ The NZASB is a sub-Board of the External Reporting Board (XRB Board), and is responsible for setting accounting standards.

1. Introduction

1.1 Proposed deferral of effective date

1. The purpose of this Invitation to Comment (ITC) and associated Exposure Draft (ED) is to seek comments on the proposal to defer the effective date of PBE IFRS 17 *Insurance Contracts* by one year (from 1 January 2022 to 1 January 2023). This is to ensure that the effective dates of PBE IFRS 17 and NZ IFRS 17 remain aligned. The proposals are relevant for Tier 1 and 2 not-for-profit public benefit entities.
2. PBE IFRS 17 was issued in July 2019 with an effective date of 1 January 2022. PBE IFRS 17 is based on IFRS 17 *Insurance Contracts*. PBE IFRS 17 applies to Tier 1 and Tier 2 not-for-profit public benefit entities.
3. When PBE IFRS 17 was issued, its effective date was aligned with the expected effective date of NZ IFRS 17. NZ IFRS 17 was initially issued with an effective date of 1 January 2021. In June 2019 the International Accounting Standards Board (IASB) proposed to defer the effective date of IFRS 17 by one year (from 1 January 2021 to 1 January 2022).²
4. The IASB has since indicated that it proposes to defer the effective date of IFRS 17 by two years (that is, from 1 January 2021 to 1 January 2023).
5. The NZASB is, therefore, proposing to defer the effective date of PBE IFRS 17 by one year (that is, from 1 January 2022 to 1 January 2023). This will result in the effective date of PBE IFRS 17 being the same as the effective date of IFRS 17 and NZ IFRS 17 *Insurance Contracts*.

Question for respondents

1. Do you agree with the proposal to defer the effective date of PBE IFRS 17 *Insurance Contracts* by one year (from 1 January 2022 to 1 January 2023)? If you disagree, please explain why.

1.2 Timeline and next steps

6. Submissions on NZASB ED 2020-4 are due by **22 July 2020**. After the consultation period ends, we will consider the submissions received, and subject to the comments in those submissions, we expect to finalise and issue the amendments.

² IASB ED/2019/4 *Amendments to IFRS 17* proposed a number of amendments to IFRS 17, including deferring the effective date.



NZ ACCOUNTING
STANDARDS
BOARD

NZASB EXPOSURE DRAFT 2020-4

PBE IFRS 17 – DEFERRAL OF EFFECTIVE DATE

Issued [Date]

This [draft]¹ Standard was issued on [Date] by the New Zealand Accounting Standards Board of the External Reporting Board pursuant to section 12(a) of the Financial Reporting Act 2013.

This [draft] Standard is a disallowable instrument for the purposes of the Legislation Act 2012, and pursuant to section 27(1) of the Financial Reporting Act 2013 takes effect on [Date].

Reporting entities that are subject to this [draft] Standard are required to apply the [draft] Standard in accordance with the effective date which is set out in Part D.

In finalising this [draft] Standard, the New Zealand Accounting Standards Board has carried out appropriate consultation in accordance with section 22(1) of the Financial Reporting Act 2013.

This [draft] Tier 1 and Tier 2 PBE Standard has been issued to defer the effective date of PBE IFRS 17 *Insurance Contracts* by one year. This will result in the effective date of PBE IFRS 17 being the same as the effective date of NZ IFRS 17 *Insurance Contracts*.

¹ References to “this Standard” throughout this Exposure Draft should be read as referring to “this draft Standard”.

COPYRIGHT

© External Reporting Board (XRB) 2020

This XRB standard contains International Financial Reporting Standards (IFRS®) Foundation copyright material. Reproduction within New Zealand in unaltered form (retaining this notice) is permitted for personal and non-commercial use subject to the inclusion of an acknowledgement of the source.

Requests and enquiries concerning reproduction and rights for commercial purposes within New Zealand should be addressed to the Chief Executive, External Reporting Board at the following email address: enquiries@xrb.govt.nz and the IFRS Foundation at the following email address: permissions@ifrs.org.

All existing rights (including copyrights) in this material outside of New Zealand are reserved by the IFRS Foundation. Further information and requests for authorisation to reproduce for commercial purposes outside New Zealand should be addressed to the IFRS Foundation.

ISBN

Copyright

IFRS Standards are issued by the
International Accounting Standards Board
7 Westferry Circus, Canary Wharf, London, E14 4HD, England.
Tel: +44 (0)20 7246 6410
Email: info@ifrs.org Web: www.ifrs.org

Copyright © International Financial Reporting Standards Foundation All rights reserved.

Reproduced and distributed by the External Reporting Board with the permission of the IFRS Foundation.

This English language version of the IFRS Standards is the copyright of the IFRS Foundation.

1. The IFRS Foundation grants users of the English language version of IFRS Standards (Users) the permission to reproduce the IFRS Standards for
 - (i) the User's Professional Use, or
 - (ii) private study and education.

Professional Use: means use of the English language version of the IFRS Standards in the User's professional capacity in connection with the business of providing accounting services for the purpose of application of IFRS Standards for preparation of financial statements and/or financial statement analysis to the User's clients or to the business in which the User is engaged as an accountant.

For the avoidance of doubt, the abovementioned usage does not include any kind of activities that make (commercial) use of the IFRS Standards other than direct or indirect application of IFRS Standards, such as but not limited to commercial seminars, conferences, commercial training or similar events.

2. For any application that falls outside Professional Use, Users shall be obliged to contact the IFRS Foundation for a separate individual licence under terms and conditions to be mutually agree.
3. Except as otherwise expressly permitted in this notice, Users shall not, without prior written permission of the Foundation have the right to license, sublicense, transmit, transfer, sell, rent, or otherwise distribute any portion of the IFRS Standards to third parties in any form or by any means, whether electronic, mechanical or otherwise either currently known or yet to be invented.
4. Users are not permitted to modify or make alterations, additions or amendments to or create any derivative works, save as otherwise expressly permitted in this notice.
5. Commercial reproduction and use rights are strictly prohibited. For further information please contact the IFRS Foundation at permissions@ifrs.org.

The authoritative text of IFRS Standards is that issued by the International Accounting Standards Board in the English language. Copies may be obtained from the IFRS Foundation’s Publications Department.

Please address publication and copyright matters in English to:
IFRS Foundation Publications Department
7 Westferry Circus, Canary Wharf, London, E14 4HD, England.
Tel: +44 (0)20 7246 6410 Fax: +44 (0)20 7246 6411
Email: publications@ifrs.org Web: www.ifrs.org

Trade Marks



The IFRS Foundation logo, the IASB logo, the IFRS for SMEs logo, the “Hexagon Device”, “IFRS Foundation”, “eIFRS”, “IAS”, “IASB”, “IFRS for SMEs”, “IASs”, “IFRS”, “IFRSs”, “International Accounting Standards” and “International Financial Reporting Standards”, “IFRIC” and “SIC” are **Trade Marks** of the IFRS Foundation.

Disclaimer

The authoritative text of the IFRS Standards is reproduced and distributed by the External Reporting Board in respect of their application in New Zealand. The International Accounting Standards Board, the Foundation, the authors and the publishers do not accept responsibility for loss caused to any person who acts or refrains from acting in reliance on the material in this publication, whether such loss is caused by negligence or otherwise.

CONTENTS

	<i>from page</i>
PART A: INTRODUCTION	10
PART B: SCOPE	10
PART C: AMENDMENTS TO PBE IFRS 17 <i>INSURANCE CONTRACTS</i>	10
PART D: EFFECTIVE DATE	10

Part A – Introduction

This Standard sets out amendments to PBE IFRS 17 *Insurance Contracts*. It defers the effective date by one year, from 1 January 2022 to 1 January 2023.

Tier 2 not-for-profit public benefit entities are required to comply with all the requirements in this Standard.

Part B – Scope

This Standard applies to Tier 1 and Tier 2 not-for-profit public benefit entities.

Part C – Amendments to PBE IFRS 17 *Insurance Contracts*

Paragraph 132.1 is amended. New text is underlined and deleted text is struck through.

Effective Date and Transition

Effective Date

132.1 **An entity shall apply PBE IFRS 17 for annual financial statements covering periods beginning on or after 1 January 2023~~2022~~. If an entity applies PBE IFRS 17 earlier, it shall disclose that fact. Early application is permitted for entities that apply PBE IPSAS 41 on or before the date of initial application of PBE IFRS 17.**

In the Basis for Conclusions, a new heading and paragraphs BC9 and BC10 are added.

Deferral of Effective Date

BC9. When PBE IFRS 17 was first issued, its effective date was 1 January 2022. This was aligned with the expected effective date of NZ IFRS 17. IFRS 17 was initially issued with an expected effective date of 1 January 2021, but in June 2019 the International Accounting Standards Board (IASB) proposed to defer the effective date of IFRS 17 by one year (from 1 January 2021 to 1 January 2022). In 2020 the IASB indicated that it intended to defer the effective date of IFRS 17 by two years (from 1 January 2021 to 1 January 2023).

BC10. In June 2020 the NZASB issued ED 2020-2 *PBE IFRS 17 – Deferral of Effective Date* which proposed to defer the effective date of PBE IFRS 17 by a further year (from 1 January 2022 to 1 January 2023) to align with the new expected effective date of NZ IFRS 17. The IASB finalised its amendments to IFRS 17 in [Date] and the NZASB finalised the amendments to PBE IFRS 17 in [Date].

Part D – Effective Date

This Standard shall be applied for annual financial statements covering periods beginning on or after 1 January 2021. Earlier application is permitted.