



Lease Liability in a Sale and Leaseback

Issued November 2022

This Standard was issued on 10 November 2022 by the New Zealand Accounting Standards Board of the External Reporting Board pursuant to section 12(a) of the Financial Reporting Act 2013.

This Standard is secondary legislation for the purposes of the Legislation Act 2019, and pursuant to section 27(1) of the Financial Reporting Act 2013 takes effect 8 December 2022.

Reporting entities that are subject to this Standard are required to apply it in accordance with the effective date set out in Part D.

In finalising this 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 Tier 1 and Tier 2 For-profit Accounting Standard is based on *Lease Liability in a Sale and Leaseback*, issued by the International Accounting Standards Board, which amended IFRS 16 *Leases*. The amendments to NZ IFRS 16 *Leases* add requirements explaining how an entity accounts for a sale and leaseback after the date of the transaction.

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The following is available within New Zealand on the XRB website as additional material

**APPROVAL BY THE IASB OF *LEASE LIABILITY IN A SALE AND LEASEBACK* IN
SEPTEMBER 2022**

AMENDMENT TO ILLUSTRATIVE EXAMPLES ACCOMPANYING IFRS 16 *LEASES*

AMENDMENT TO THE IASB BASIS FOR CONCLUSIONS ON IFRS 16 *LEASES*

IASB DISSENTING OPINION

Part A – Introduction

This Standard sets out amendments to NZ IFRS 16 *Leases*. The amendments are identical to *Lease Liability in a Sale and Leaseback* issued by the International Accounting Standards Board (IASB), which amended IFRS 16 *Leases*. The amendments add requirements explaining how an entity accounts for a sale and leaseback after the date of the transaction.

Tier 2 entities are required to comply with all the requirements in this Standard.

Part B – Scope

This Standard applies to Tier 1 and Tier 2 for-profit entities.

Part C – Amendments to NZ IFRS 16 *Leases*

Paragraphs 102A, C1D and C20E are added and paragraph C2 is amended. A new heading is added before paragraph C20E. New text is underlined, and deleted text is struck through.

Sale and leaseback transactions

...

Assessing whether the transfer of the asset is a sale

...

Transfer of the asset is a sale

...

102A After the commencement date, the seller-lessee shall apply paragraphs 29–35 to the right-of-use asset arising from the leaseback and paragraphs 36–46 to the lease liability arising from the leaseback. In applying paragraphs 36–46, the seller-lessee shall determine ‘lease payments’ or ‘revised lease payments’ in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying the requirements in this paragraph does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease as required by paragraph 46(a).

...

Appendix C

Effective date and transition

...

Effective date

...

C1D *Lease Liability in a Sale and Leaseback*, issued in November 2022, amended paragraph C2 and added paragraphs 102A and C20E. A seller-lessee shall apply these amendments for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted on a voluntary basis. If a seller-lessee applies these amendments for an earlier period, it shall disclose that fact.

Transition

C2 For the purposes of the requirements in paragraphs C1–~~C20E~~~~C19~~, the date of initial application is the beginning of the annual reporting period in which an entity first applies this Standard.

...

Lease liability in a sale and leaseback

...

C20E A seller-lessee shall apply *Lease Liability in a Sale and Leaseback* (see paragraph C1D) retrospectively in accordance with NZ IAS 8 to sale and leaseback transactions entered into after the date of initial application.

Part D – Effective Date

This Standard shall be applied for annual periods beginning on or after 1 January 2024. Earlier application is permitted on a voluntary basis.