



May 18, 2022

International Accounting Standards Board
IFRS Interpretations Committee
Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom

Dear Committee Members:

Consejo Mexicano de Normas de Información Financiera (CINIF), the accounting standard setting body in Mexico, welcomes the opportunity to submit its comments on the Tentative Agenda Decision (TAD) reached by the IFRS Interpretations Committee (the Committee) in its meetings in March 2022. That TAD deals with the Lessor Forgiveness of Lease Payments.

Set forth below you will find our comments on the conclusions reached in the TAD.

Overall comments

We agree with the conclusion reached by the Committee in the TAD that the principles and requirements in IFRS provide an adequate basis to determine how the lessor applies the expected credit loss model in IFRS 9, *Financial Instruments*, to the operating lease receivable when it expects to forgive payments due from the lessee under the lease contract before the rent concession is granted. We also agree that the principles and requirements in IFRS provide an adequate basis to determine whether the lessor applies the derecognition requirements in IFRS 9 or the lease modification requirements in IFRS 16, *Leases*, in accounting for the rent concession. Consequently, we agree with the decision not to add a standard-setting project to the work plan of the IASB.

Specific comments

Our local outreach indicated unanimous agreement that in the situation described, the guidance in IFRS 9 and IFRS 16 is sufficient.

IFRS 9 is clear that operating lease receivables recognized by a lessor prior to the rent concession are subject to the derecognition and impairment requirements of IFRS 9.

Additionally, we agree that the rent concession described in the request meets the definition of a lease modification in IFRS 16. Accordingly, the lessor applies IFRS 16 and accounts for the modified lease as a new lease from the date the rent concession is granted. As a result, the lease modification requirements in IFRS 16 are applied to forgiven lease payments that the lessor had not included in an operating lease receivable.

Should you require additional information on our comments listed above, please contact William A. Biese at (52) 55-5433-3070 or me at (52) 55-5403-8309 or by e-mail at wbiese@cinif.org.mx or egarcia@cinif.org.mx, respectively.

Sincerely,



C.P.C. Elsa Beatriz García Bojorges
President of the Mexican Financial Reporting Standards Board
Consejo Mexicano de Normas de Información Financiera (CINIF)

Cc: Mr. Tadeu Cendon