



NZ ACCOUNTING  
STANDARDS  
BOARD

## **Extension of the Temporary Exemption from Applying NZ IFRS 9**

### **Issued August 2020**

This Standard was issued on 20 August 2020 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 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 17 September 2020.

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 *Extension of the Temporary Exemption from Applying IFRS 9* issued by the International Accounting Standards Board.

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

**APPROVAL BY THE IASB OF *EXTENSION OF THE TEMPORARY EXEMPTION FROM APPLYING IFRS 9* ISSUED IN JUNE 2020**

**AMENDMENTS TO THE BASIS FOR CONCLUSIONS ON IFRS 4 *INSURANCE CONTRACTS***

## Part A – Introduction

This Standard sets out amendments to NZ IFRS 4 to provide an extension of the temporary exemption from applying NZ IFRS 9 *Financial Instruments* for those entities that are permitted to apply the exemption.

The aim of these amendments is to enable some insurers to first apply NZ IFRS 9 and NZ IFRS 17 at the same time.

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 4 Insurance Contracts

Paragraphs 20A, 20J and 20O are amended. New text is underlined and deleted text is struck through.

### Temporary exemption from NZ IFRS 9

**20A** NZ IFRS 9 addresses the accounting for financial instruments and is effective for annual periods beginning on or after 1 January 2018. However, for an insurer that meets the criteria in paragraph 20B, this Standard provides a temporary exemption that permits, but does not require, the insurer to apply NZ IAS 39 *Financial Instruments: Recognition and Measurement* rather than NZ IFRS 9 for annual periods beginning before 1 January 2023~~2021~~. An insurer that applies the temporary exemption from NZ IFRS 9 shall:

(a) ...

...

**20J** If an entity no longer qualifies for the temporary exemption from NZ IFRS 9 as a result of a reassessment (see paragraph 20G(a)), then the entity is permitted to continue to apply the temporary exemption from NZ IFRS 9 only until the end of the annual period that began immediately after that reassessment. Nevertheless, the entity must apply NZ IFRS 9 for annual periods beginning on or after 1 January 2023~~2021~~. For example, if an entity determines that it no longer qualifies for the temporary exemption from NZ IFRS 9 applying paragraph 20G(a) on 31 December 2018 (the end of its annual period), then the entity is permitted to continue to apply the temporary exemption from NZ IFRS 9 only until 31 December 2019.

...

### Temporary exemption from specific requirements in NZ IAS 28

**20O** Paragraphs 35–36 of NZ IAS 28 *Investments in Associates and Joint Ventures* require an entity to apply uniform accounting policies when using the equity method. Nevertheless, for annual periods beginning before 1 January 2023~~2021~~, an entity is permitted, but not required, to retain the relevant accounting policies applied by the associate or joint venture as follows:

(a) ...

...

## **Part D – Effective Date**

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