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Lausanne, May 29, 2024

Swiss Comment to

ED 88 Arrangements Conveying Rights Over Assets (Amendments to IPSAS 47 and IPSAS 48)

Dear Ross,

With reference to the request for comments on the proposed Consultation Paper, we are pleased to present the Swiss Comments to the Exposure Draft 88 Arrangements Conveying Rights Over Assets (Amendments to IPSAS 47 and IPSAS 48). We thank you for giving us the opportunity to put forward our views and suggestions. You will find our comments for the ED in the attached document.

Should you have any questions, please do not hesitate to contact us.

Yours sincerely,

SRS-CSPCP



Prof Nils Soguel, President



Evelyn Munier, Secretary

Comments to the Exposure Draft 88 Arrangements Conveying Rights Over Assets (Amendments to IPSAS 47 and IPSAS 48)

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1. Introduction

The Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP) was established in 2008 by the Swiss Federal Ministry of Finance together with the cantonal Ministers of Finance. One of its aims is to provide the IPSAS Board with a consolidated statement for all three Swiss levels of government (municipalities, cantons and Confederation).

The SRS-CSPCP has discussed ED 88 Arrangement Conveying Rights over Assets (Amendments to IPSAS 47 and IPSAS 48).

2. General Remarks

In its responses to ED 84 the SRS-CSPCP criticized that *Other Binding Arrangements* were not included in the Leasing standard. With this ED, however, this is corrected. In addition, the SRS-CSPCP criticized that with the proposed rules in ED 84 the accounting will become even more complicated. Unfortunately, ED 88 it is likely to make it even more complex.

In the opinion of the SRS-CSPCP the accounting treatment of *Binding Arrangements* is still not clear. The Committee would like the IPSAS Board to take a clearer position on these Binding Arrangements. The SRS-CSPCP has the same request in respect of usage rights and *Right-of-Use Assets*; these expressions and their accounting treatment should be better explained. The SRS-CSPCP wonders whether or not a usage right constitutes an intangible asset. The IPSAS Board should make a clearer distinction between fixed and intangible assets. To this end the Committee would like IPSAS 31 *Intangible Assets* to be revised accordingly.

Because the provisions of IPSAS 43 must be applied for the *Right-of-Use in kind*, although they are not subject to the definition of Leasing, the SRS-CSPCP would appreciate that the IPSAS Board provides a decision tree, so that the relationships with IPSAS 43 and IPSAS 47 become clear.

In its response to ED 84 the SRS-CSPCP expressed the wish that its supplements become effective at the same time as IPSAS 43. This applies equally with the supplements to ED 88. The SRS-CSPCP is of the opinion that it makes no sense, in a first step to adjust the accounting for all leasing agreements and, somewhat later, to perform the work again for the supplements.

3. Specific Matter for Comment 1

The IPSASB decided to carry over the proposals in ED 84 in IPSAS 23, Revenue from Non-Exchange

Transactions (Taxes and Transfers) related to the concession in concessionary leases to IPSAS 47 (see paragraphs IPSAS 47.BC141–BC145).

Do you agree with the proposed amendments to IPSAS 47? If not, please explain your reasons. If you agree, please provide any additional reasons not already discussed in the Basis for Conclusions.

In its response to ED 84 the SRS-CSPCP expressed the wish that the amendments to Concessionary Leasing should become effective at the same time as the Leasing standard. It again expressly wishes that the IPSAS Board reconsider its decision to enforce IPSAS 43 on 1.1.2025 and enforce the standard together with the amendments to ED 84 and ED 88 at a later date.

4. Specific Matter for Comment 2

The IPSASB decided to propose non-authoritative guidance for arrangements conveying rights over assets in IPSAS 47 (see paragraphs IPSAS 47.BC146–BC150).

Do you agree with the proposed non-authoritative amendments to IPSAS 47? If not, please explain your reasons.

If you agree, please provide any additional reasons not already discussed in the Basis for Conclusions.

For the SRS-CSPCP the accounting treatment of Binding Arrangements is still not clear. The Committee requests that the IPSAS Board express itself more clearly on these Binding Arrangements. The SRS-CSPCP has the same request in respect of Usage Rights and Right-of-Use assets; these expressions and their accounting treatment should be better explained. The SRS-CSPCP wonders whether or not a usage right constitutes an intangible asset. The IPSAS Board should draw a clearer distinction between fixed assets and intangible assets. The Committee wishes that this question be examined in the revision of IPSAS 31 *Intangible Assets*. Because the provisions of IPSAS 43 must be applied for the *Right-of-Use in kind*, although they are not subject to the definition of Leasing, the SRS-CSPCP requests that the IPSAS Board provide a decision tree, so that the relationships with IPSAS 43 and IPSAS 47 become clear.

5. Specific Matter for Comment 3

The IPSASB decided to propose non-authoritative guidance for arrangements conveying rights over assets without consideration in IPSAS 48 (see paragraphs IPSAS 48.BC41–BC44).

Do you agree with the proposed non-authoritative amendments to IPSAS 48? If not, please explain your reasons.

If you agree, please provide any additional reasons not already discussed in the Basis for Conclusions.

The SRS-CSPCP agrees with the opinion of the IPSAS Board.

Lausanne, May 29, 2024