

MINISTRY OF CORPORATE AFFAIRS

NOTIFICATION

New Delhi, the 24th July, 2020

G.S.R. 463(E).— In exercise of the powers conferred by section 133 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government, in consultation with the National Financial Reporting Authority, hereby makes the following rules further to amend the Companies (Indian Accounting Standards) Rules, 2015, namely:—

1. Short title and commencement.—(1) These rules may be called the Companies (Indian Accounting Standards) Amendment Rules, 2020.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Indian Accounting Standards) Rules, 2015, in the “Annexure”, under the heading “B. Indian Accounting Standards (Ind AS)”,-

(A) in “Indian Accounting Standard (Ind AS) 103”, -

(i) for paragraph 3, the following shall be substituted, namely:-

“3 **An entity shall determine whether a transaction or other event is a business combination by applying the definition in this Ind AS, which requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired are not a business, the reporting entity shall account for the transaction or other event as an asset acquisition. Paragraphs B5–B12D provide guidance on identifying a business combination and the definition of a business.**”;

(ii) after paragraph 64O, the following shall be inserted, namely:-

“64P *Definition of a Business* (Amendments to Ind AS 103), added paragraphs B7A–B7C, B8A and B12A–B12D, amended the definition of the term ‘business’ in Appendix A, amended paragraphs 3, B7–B9, B11 and B12 and deleted paragraph B10. An entity shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the 1st April, 2020 and to asset acquisitions that occur on or after the beginning of that period.”;

(iii) in Appendix A, for definition of the term “business”, the following definition shall be substituted, namely:-

“**business** An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.”;

(iv) in Appendix B,-

(I) for paragraph B7, the following shall be substituted, namely:-

“B7 A business consists of inputs and processes applied to those inputs that have the ability to contribute to the creation of outputs. The three elements of a business are defined as follows (see paragraphs B8-B12D for guidance on the elements of a business):

(a) **Input:** Any economic resource that creates outputs, or has the ability to contribute to the creations of outputs, when one or more processes are applied to it. Examples include non-current assets

(including intangible assets or rights to use non-current assets), intellectual property, the ability to obtain access to necessary materials or rights and employees.

- (b) **Process:** Any system, standard, protocol, convention or rule that, when applied to an input or inputs, creates outputs or has the ability to contribute to the creations of outputs. Examples include strategic management processes, operational processes and resource management processes. These processes typically are documented, but the intellectual capacity of an organised workforce having the necessary skills and experience following rules and conventions may provide the necessary processes that are capable of being applied to inputs to create outputs. (Accounting, billing, payroll and other administrative systems typically are not processes used to create outputs.)
- (c) **Output:** The result of inputs and processes applied to those inputs that provide goods or services to customers, generate investment income (such as dividends or interest) or generate other income from ordinary activities.”;

(II) after paragraph B7, the following shall be inserted, namely:-

“Optional test to identify concentration of fair value

B7A Paragraph B7B sets out an optional test (the concentration test) to permit a simplified assessment of whether an acquired set of activities and assets is not a business. An entity may elect to apply, or not apply, the test. An entity may make such an election separately for each transaction or other event. The concentration test has the following consequences:-

- (a) if the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed;
- (b) if the concentration test is not met, or if the entity elects not to apply the test, the entity shall then perform the assessment set out in paragraphs B8–B12D.

B7B The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. For the concentration test:

- (a) gross assets acquired shall exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities;
- (b) the fair value of the gross assets acquired shall include any consideration transferred (plus the fair value of any non-controlling interest and the fair value of any previously held interest) in excess of the fair value of net identifiable assets acquired. The fair value of the gross assets acquired may normally be determined as the total obtained by adding the fair value of the consideration transferred (plus the fair value of any non-controlling interest and the fair value of any previously held interest) to the fair value of the liabilities assumed (other than deferred tax liabilities), and then excluding the items identified in sub-paragraph (a). However, if the fair value of the gross assets acquired is more than that total, a more precise calculation may sometimes be needed;
- (c) a single identifiable asset shall include any asset or group of assets that would be recognised and measured as a single identifiable asset in a business combination;
- (d) if a tangible asset is attached to, and cannot be physically removed and used separately from, another tangible asset (or from an underlying asset subject to a lease, as defined in Ind AS 116, *Leases*), without incurring significant cost, or significant diminution in utility or fair value to either asset (for example, land and buildings), those assets shall be considered a single identifiable asset;
- (e) when assessing whether assets are similar, an entity shall consider the nature of each single identifiable asset and the risks associated with managing and creating outputs from the assets (that is, the risk characteristics);
- (f) the following shall not be considered similar assets:
- (i) a tangible asset and an intangible asset;
- (ii) tangible assets in different classes (for example, inventory, manufacturing equipment and automobiles) unless they are considered a single identifiable asset in accordance with the criterion in subparagraph (d);
- (iii) identifiable intangible assets in different classes (for example, brand names, licences and intangible assets under development);
- (iv) a financial asset and a non-financial asset;
- (v) financial assets in different classes (for example, accounts receivable and investments in equity instruments); and

- (vi) identifiable assets that are within the same class of asset but have significantly different risk characteristics.

B7C The requirements in paragraph B7B do not modify the guidance on similar assets in Ind AS 38, *Intangible Assets*; nor do they modify the meaning of the term ‘class’ in Ind AS 16, *Property, Plant and Equipment*, Ind AS 38 and Ind AS 107, *Financial Instruments: Disclosures*.”;

- (III) for paragraph B8, the following shall be substituted, namely:-

“Elements of a Business

B8 Although businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be capable of being conducted and managed for the purpose identified in the definition of a business, an integrated set of activities and assets requires two essential elements—inputs and processes applied to those inputs. A business need not include all of the inputs or processes that the seller used in operating that business. However, to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Paragraphs B12-B12D specify how to assess whether a process is substantive.”;

- (IV) after paragraph B8, the following shall be inserted, namely:-

“B8A If an acquired set of activities and assets has outputs, continuation of revenue does not on its own indicate that both an input and a substantive process have been acquired.”;

- (V) for paragraph B9, the following shall be substituted, namely:-

“B9 The nature of the elements of a business varies by industry and by the structure of an entity’s operations (activities), including the entity’s stage of development. Established businesses often have many different types of inputs, processes and outputs, whereas new businesses often have few inputs and processes and sometimes only a single output (product). Nearly all businesses also have liabilities, but a business need not have liabilities. Furthermore, an acquired set of activities and assets that is not a business might have liabilities.”;

- (VI) for paragraph B10, the following shall be substituted, namely:-

“B10 [Refer Appendix 1]”;

- (VII) for paragraph B11, the following shall be substituted, namely:-

“B11 Determining whether a particular set of activities and assets is a business shall be based on whether the integrated set is capable of being conducted and managed as a business by a market participant. Thus, in evaluating whether a particular set is a business, it is not relevant whether a seller operated the set as a business or whether the acquirer intends to operate the set as a business.”;

- (VIII) for paragraph B12, the following shall be substituted, namely:-

“Assessing whether an acquired process is substantive

B12 Paragraphs B12A–B12D explain how to assess whether an acquired process is substantive if the acquired set of activities and assets does not have outputs (paragraph B12B) and if it does have outputs (paragraph B12C).”;

- (IX) after paragraph B12, the following shall be inserted, namely:-

“B12A An example of an acquired set of activities and assets that does not have outputs at the acquisition date is an early-stage entity that has not started generating revenue. Moreover, if an acquired set of activities and assets was generating revenue at the acquisition date, it is considered to have outputs at that date, even if subsequently it will no longer generate revenue from external customers, for example because it will be integrated by the acquirer.

B12B If a set of activities and assets does not have outputs at the acquisition date, an acquired process (or group of processes) shall be considered substantive only if-

- (a) it is critical to the ability to develop or convert an acquired input or inputs into outputs; and
- (b) the inputs acquired include both an organised workforce that has the necessary skills, knowledge, or experience to perform that process (or group of processes) and other inputs that the organised workforce could develop or convert into outputs. Those other inputs could include-
 - (i) intellectual property that could be used to develop a good or service;
 - (ii) other economic resources that could be developed to create outputs; or
 - (iii) rights to obtain access to necessary materials or rights that enable the creation of future outputs.

Examples of the inputs mentioned in subparagraphs (b)(i)–(iii) include technology, in-process research and development projects, real estate and mineral interests.

B12C If a set of activities and assets has outputs at the acquisition date, an acquired process (or group of processes) shall be considered substantive if, when applied to an acquired input or inputs, it-

- (a) is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process (or group of processes); or
- (b) significantly contributes to the ability to continue producing outputs and-
 - (i) is considered unique or scarce; or
 - (ii) cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

B12D The following additional discussion supports both paragraphs B12B and B12C:

- (a) an acquired contract is an input and not a substantive process. Nevertheless, an acquired contract, for example, a contract for outsourced property management or outsourced asset management, may give access to an organised workforce. An entity shall assess whether an organised workforce accessed through such a contract performs a substantive process that the entity controls, and thus has acquired. Factors to be considered in making that assessment include the duration of the contract and its renewal terms;
 - (b) difficulties in replacing an acquired organised workforce may indicate that the acquired organised workforce performs a process that is critical to the ability to create outputs;
 - (c) a process (or group of processes) is not critical if, for example, it is ancillary or minor within the context of all the processes required to create outputs.”;
- (v) in Appendix 1, for paragraph 6, the following shall be substituted, namely:-
- “6. The following paragraph numbers appear as ‘Deleted’ in IFRS 3. In order to maintain consistency with paragraph numbers of IFRS 3, the paragraph numbers is retained in Ind AS 103:
- (a) Paragraph B10
 - (b) Paragraphs B28-B30
 - (c) Paragraph B32(a)”;

(B) in “Indian Accounting Standard (Ind AS) 107”, -

- (i) after paragraph 24G, the following shall be inserted, namely:-

“*Uncertainty arising from interest rate benchmark reform*

24H For hedging relationships to which an entity applies the exceptions set out in paragraphs 6.8.4-6.8.12 of Ind AS 109, an entity shall disclose-

- (a) the significant interest rate benchmarks to which the entity’s hedging relationships are exposed;
- (b) the extent of the risk exposure the entity manages that is directly affected by the interest rate benchmark reform;
- (c) how the entity is managing the process to transition to alternative benchmark rates;
- (d) a description of significant assumptions or judgements the entity made in applying these paragraphs (for example, assumptions or judgements about when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows); and
- (e) the nominal amount of the hedging instruments in those hedging relationships.”;

- (ii) after paragraph 44CC, the following shall be inserted, namely:-

44DD [Refer Appendix 1];

44DE *Interest Rate Benchmark Reform* (amendments to Ind AS 109 and Ind AS 107) added paragraphs 24H and 44DF. An entity shall apply these amendments when it applies the amendments to Ind AS 109.

44DF In the reporting period in which an entity first applies *Interest Rate Benchmark Reform*, an entity is not required to present the quantitative information required by paragraph 28(f) of Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.”

- (iii) in Appendix 1, for paragraph 5, the following shall be substituted, namely:-

“5 Paragraphs 42I-42S of IFRS 7 have not been included in Ind AS 107 as these paragraphs relate to initial application of IFRS 9 which are not relevant in Indian context. Paragraphs 43-44BB related to effective date and transition given in IFRS 7 have not been given in Ind AS 107 since it is not relevant in Indian context. However, in order to maintain consistency with paragraph numbers of IFRS 7, these paragraph numbers are retained in Ind AS 107. Paragraph 44DD relates to IFRS 17, *Insurance Contracts*, for which corresponding Ind AS is under formulation.”;

(C) in “Indian Accounting Standard (Ind AS) 109”, -

(i) after paragraph 6.7.4, the following shall be inserted, namely:-

“6.8 Temporary exceptions from applying specific hedge accounting requirements

6.8.1 An entity shall apply paragraphs 6.8.4–6.8.12 and paragraphs 7.1.8 and 7.2.26(d) to all hedging relationships directly affected by interest rate benchmark reform. These paragraphs apply only to such hedging relationships. A hedging relationship is directly affected by interest rate benchmark reform only if the reform gives rise to uncertainties about-

- (a) the interest rate benchmark (contractually or non-contractually specified) designated as a hedged risk; and/or
- (b) the timing or the amount of interest rate benchmark-based cash flows of the hedged item or of the hedging instrument.

6.8.2 For the purpose of applying paragraphs 6.8.4–6.8.12, the term ‘interest rate benchmark reform’ refers to the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board’s July 2014 report ‘Reforming Major Interest Rate Benchmarks’.²

6.8.3 Paragraphs 6.8.4–6.8.12 provide exceptions only to the requirements specified in these paragraphs. An entity shall continue to apply all other hedge accounting requirements to hedging relationships directly affected by interest rate benchmark reform.

Highly probable requirement for cash flow hedges

6.8.4 For the purpose of determining whether a forecast transaction (or a component thereof) is highly probable as required by paragraph 6.3.3, an entity shall assume that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

Reclassifying the amount accumulated in the cash flow hedge reserve

6.8.5 For the purpose of applying the requirement in paragraph 6.5.12 in order to determine whether the hedged future cash flows are expected to occur, an entity shall assume that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

Assessing the economic relationship between the hedged item and the hedging instrument

6.8.6 For the purpose of applying the requirements in paragraphs 6.4.1(c)(i) and B6.4.4– B6.4.6, an entity shall assume that the interest rate benchmark on which the hedged cash flows and/or the hedged risk (contractually or non-contractually specified) are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform.

Designating a component of an item as a hedged item

6.8.7 Unless paragraph 6.8.8 applies, for a hedge of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the requirement in paragraphs 6.3.7(a) and B6.3.8—that the risk component shall be separately identifiable—only at the inception of the hedging relationship.

6.8.8 When an entity, consistent with its hedge documentation, frequently resets (i.e., discontinues and restarts) a hedging relationship because both the hedging instrument and the hedged item frequently change (i.e., the entity uses a dynamic process in which both the hedged items and the hedging instruments used to manage that exposure do not remain the same for long), the entity shall apply the requirement in paragraphs 6.3.7(a) and B6.3.8—that the risk component is separately identifiable—only when it initially designates a hedged item in that hedging

² The report, ‘Reforming Major Interest Rate Benchmarks’, is available at http://www.fsb.org/wpcontent/uploads/r_140722.pdf.

relationship. A hedged item that has been assessed at the time of its initial designation in the hedging relationship, whether it was at the time of the hedge inception or subsequently, is not reassessed at any subsequent redesignation in the same hedging relationship.

End of application

- 6.8.9 An entity shall prospectively cease applying paragraph 6.8.4 to a hedged item at the earlier of-
- (a) when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item; and
 - (b) when the hedging relationship that the hedged item is part of is discontinued.
- 6.8.10 An entity shall prospectively cease applying paragraph 6.8.5 at the earlier of-
- (a) when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item; and
 - (b) when the entire amount accumulated in the cash flow hedge reserve with respect to that discontinued hedging relationship has been reclassified to profit or loss.
- 6.8.11 An entity shall prospectively cease applying paragraph 6.8.6-
- (a) to a hedged item, when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the hedged risk or the timing and the amount of the interest rate benchmark-based cash flows of the hedged item; and
 - (b) to a hedging instrument, when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedging instrument.

If the hedging relationship that the hedged item and the hedging instrument are part of is discontinued earlier than the date specified in paragraph 6.8.11(a) or the date specified in paragraph 6.8.11(b), the entity shall prospectively cease applying paragraph 6.8.6 to that hedging relationship at the date of discontinuation.

- 6.8.12 When designating a group of items as the hedged item, or a combination of financial instruments as the hedging instrument, an entity shall prospectively cease applying paragraphs 6.8.4–6.8.6 to an individual item or financial instrument in accordance with paragraphs 6.8.9, 6.8.10, or 6.8.11, as relevant, when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the hedged risk and/or the timing and the amount of the interest rate benchmark-based cash flows of that item or financial instrument.”;

- (ii) after paragraph 7.1.7, the following shall be inserted, namely:-

“7.1.8 *Interest Rate Benchmark Reform* (amendments to Ind AS 109 and Ind AS 107), added Section 6.8 and amended paragraph 7.2.26. An entity shall apply these amendments for annual periods beginning on or after the 1st April, 2020.”;
- (iii) after paragraph 7.2.20, the following heading shall be inserted, namely:-

“Transition for hedge accounting (Chapter 6)”;
- (iv) for paragraph 7.2.26, the following shall be substituted, namely:-

“7.2.26 As an exception to prospective application of the hedge accounting requirements of this Standard, an entity-

 - (a)-(c) [Refer Appendix 1]
 - (d) shall apply the requirements in Section 6.8 retrospectively. This retrospective application applies only to those hedging relationships that existed at the beginning of the reporting period in which an entity first applies those requirements or were designated thereafter, and to the amount accumulated in the cash flow hedge reserve that existed at the beginning of the reporting period in which an entity first applies those requirements.”;
- (v) in Appendix 1, for paragraph 4, the following shall be substituted, namely:-

“4. Following paragraphs related to transition have not been included as these paragraphs are not relevant in Indian context. However, in order to maintain consistency with paragraph numbers of IFRS 9, the paragraph numbers are retained in Ind AS 109:

 - (i) Paragraph 7.2.2
 - (ii) Paragraphs 7.2.6-7.2.7

- (iii) Paragraphs 7.2.12-7.2.13
- (iv) Paragraphs 7.2.14A-7.2.25
- (v) Paragraphs 7.2.26 (a)-(c)
- (vi) Paragraphs 7.2.27-7.2.28”;

(D) in “Indian Accounting Standard (Ind AS) 116”, -

(i) after paragraph 46, the following shall be inserted, namely:-

“46A As a practical expedient, a lessee may elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this Standard if the change were not a lease modification.

46B The practical expedient in paragraph 46A applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:-

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments originally due on or before the 30th June, 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before the 30th June, 2021 and increased lease payments that extend beyond the 30th June, 2021); and
- (c) there is no substantive change to other terms and conditions of the lease.”;

(ii) after paragraph 60, the following shall be inserted, namely:-

“60A If a lessee applies the practical expedient in paragraph 46A, the lessee shall disclose-

- (a) that it has applied the practical expedient to all rent concessions that meet the conditions in paragraph 46B or, if not applied to all such rent concessions, information about the nature of the contracts to which it has applied the practical expedient (see paragraph 2); and
- (b) the amount recognised in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient in paragraph 46A.”;

(iii) in Appendix C,

(a) after paragraph C1, the following paragraph shall be inserted, namely:-

“C1A *Covid-19-Related Rent Concessions*, added paragraphs 46A, 46B, 60A, C20A and C20B. A lessee shall apply that amendment for annual reporting periods beginning on or after the April 1st, 2020. In case a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the April 1st, 2019.”;

(b) after paragraph C20, the following shall be inserted, namely:-

“Covid-19-related rent concessions for lessees

C20A A lessee shall apply *Covid-19-Related Rent Concessions* (see paragraph C1A) retrospectively, recognising the cumulative effect of initially applying that amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment.

C20B In the reporting period in which a lessee first applies *Covid-19-Related Rent Concessions*, a lessee is not required to disclose the information required by paragraph 28(f) of Ind AS 8.”;

(E) in “Indian Accounting Standard (Ind AS) 1”, -

(i) in paragraph 7, for the definition of the term “Material”, the following shall be substituted, namely:-

“Material:

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The following are examples of circumstances

that may result in material information being obscured:-

- (a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
- (b) information regarding a material item, transaction or other event is scattered throughout the financial statements;
- (c) dissimilar items, transactions or other events are inappropriately aggregated;
- (d) similar items, transactions or other events are inappropriately disaggregated; and
- (e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

Assessing whether information could reasonably be expected to influence decisions made by the primary users of a specific reporting entity's general purpose financial statements requires an entity to consider the characteristics of those users while also considering the entity's own circumstances.

Many existing and potential investors, lenders and other creditors cannot require reporting entities to provide information directly to them and must rely on general purpose financial statements for much of the financial information they need. Consequently, they are the primary users to whom general purpose financial statements are directed. Financial statements are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyse the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena.”;

- (ii) after paragraph 139Q, the following shall be inserted, namely:-

“139R-139S [Refer Appendix 1]

139T *Definition of Material* (Amendments to Ind AS 1 and Ind AS 8) amended paragraph 7 of Ind AS 1 and paragraph 5 of Ind AS 8, and deleted paragraph 6 of Ind AS 8. An entity shall apply those amendments prospectively for annual periods beginning on or after the 1st April, 2020.”;

- (iii) in Appendix 1, for paragraph 10, the following shall be substituted, namely:-

“10. Paragraphs 139 to 139M and 139O-139P related to Transition and Effective Date have not been included in Ind AS 1 as these are not relevant in Indian context. Paragraph 139R relates to IFRS 17, *Insurance Contracts*, for which corresponding Ind AS is under formulation. Paragraph 139S is not included since it relates to amendments due to *Conceptual Framework for Financial Reporting under IFRS Standards* for which corresponding *Conceptual Framework for Financial Reporting under Indian Accounting Standards* is under formulation. However, in order to maintain consistency with paragraph numbers of IAS 1, these paragraph numbers are retained in Ind AS 1.”;

- (F) in “Indian Accounting Standard (Ind AS) 8”, -

- (i) in paragraph 5, for the definition of term “Material”, the following shall be substituted, namely:-

“the term “Material”, used in this Standard shall have the same meaning as assigned to it in paragraph 7 of Ind AS 1.”;

- (ii) for paragraph 6, the following shall be substituted, namely:-

“6 [Refer Appendix 1]”;

- (iii) after paragraph 53, the following shall be inserted, namely:-

“Effective date and transition

54-54G [Refer Appendix 1]

54H *Definition of Material* (Amendments to Ind AS 1 and Ind AS 8), amended paragraph 7 of Ind AS 1 and paragraph 5 of Ind AS 8, and deleted paragraph 6 of Ind AS 8. An entity shall apply those amendments prospectively for annual periods beginning on or after the 1st April, 2020.”;

- (iv) in Appendix 1, after paragraph 3, the following shall be inserted, namely:-

“4 Paragraph 6 appears as ‘deleted’ in IAS 8. In order to maintain consistency with paragraph numbers of IAS 8, the paragraph number is retained in Ind AS 8.

5 Paragraphs 54-54E of IAS 8 related to Effective Date and transition have not been included in Ind AS 8 as these are not relevant in Indian context. Paragraphs 54F-54G are not included since these relate to amendments due to *Conceptual Framework for Financial Reporting under IFRS Standards* for which corresponding *Conceptual Framework for Financial Reporting under Indian Accounting Standards* is

under formulation. However, in order to maintain consistency with paragraph numbers of IAS 8, these paragraph numbers are retained in Ind AS 8.”;

(G) in “Indian Accounting Standard (Ind AS) 10”, -

(i) for paragraph 21, the following shall be substituted, namely:-

“21 If non-adjusting events after the reporting period are material, non-disclosure could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Accordingly, an entity shall disclose the following for each material category of non-adjusting event after the reporting period-

(a) the nature of the event; and

(b) an estimate of its financial effect, or a statement that such an estimate cannot be made.”;

(ii) after paragraph 22, the following shall be inserted, namely:-

“Effective date

23-23B [Refer Appendix 1]

23C *Definition of Material* (Amendments to Ind AS 1 and Ind AS 8), amended paragraph 21. An entity shall apply those amendments when it applies the amendments to the definition of material in paragraph 7 of Ind AS 1 and paragraphs 5 and 6 of Ind AS 8.”

(iii) in Appendix 1, after paragraph 2, the following shall be inserted, namely:-

“3 Paragraphs 23-23B of IAS 10 related to Effective Date have not been included in Ind AS 10 as these are not relevant in Indian context. However, in order to maintain consistency with paragraph numbers of IAS 10, these paragraph numbers are retained in Ind AS 10.”;

(H) in “Indian Accounting Standard (Ind AS) 34”, -

(i) for paragraph 24, the following shall be substituted, namely:-

“24 Ind AS 1 defines material information and requires separate disclosure of material items, including (for example) discontinued operations, and Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* requires disclosure of changes in accounting estimates, errors, and changes in accounting policies. The two Standards do not contain quantified guidance as to materiality.”;

(ii) after paragraph 55, the following shall be inserted, namely:-

“56-58 [Refer Appendix 1]

59 *Definition of Material* (Amendments to Ind AS 1 and Ind AS 8) amended paragraph 24. An entity shall apply those amendments when it applies the amendments to the definition of material in paragraph 7 of Ind AS 1 and paragraphs 5 and 6 of Ind AS 8.”;

(iii) in Appendix 1, for paragraph 7, the following shall be substituted, namely:-

“7 Paragraphs 46-54 and 56-57 related to effective date have not been included in Ind AS 34 as these are not relevant in Indian context. Paragraph 58 is not included since it relates to amendments due to *Conceptual Framework for Financial Reporting under IFRS Standards* for which corresponding *Conceptual Framework for Financial Reporting under Indian Accounting Standards* is under formulation. However, in order to maintain consistency with paragraph numbers of IAS 34, these paragraph numbers are retained in Ind AS 34.”;

(I) in “Indian Accounting Standard (Ind AS) 37”, -

(i) for paragraph 75, the following shall be substituted, namely:-

“75 A management or board decision to restructure taken before the end of the reporting period does not give rise to a constructive obligation at the end of the reporting period unless the entity has, before the end of the reporting period-

(a) started to implement the restructuring plan; or

(b) announced the main features of the restructuring plan to those affected by it in a sufficiently specific manner to raise a valid expectation in them that the entity will carry out the restructuring.

If an entity starts to implement a restructuring plan, or announces its main features to those affected, only after the reporting period, disclosure is required under Ind AS 10 *Events after the Reporting Period*, if the restructuring is material and non-disclosure could reasonably be expected to influence

decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”;

- (ii) after paragraph 102, the following shall be inserted, namely:-

“103 [Refer Appendix 1]

104 *Definition of Material* (Amendments to Ind AS 1 and Ind AS 8), amended paragraph 75. An entity shall apply those amendments when it applies the amendments to the definition of material in paragraph 7 of Ind AS 1 and paragraphs 5 and 6 of Ind AS 8.”;

- (iii) in Appendix 1, for paragraph 4, the following shall be substituted, namely:-

“4. Paragraphs 93-99 and 101 related to Transitional Provisions and Effective date given in IAS 37 have not been given in Ind AS 37, since all transitional provisions related to Ind ASs, wherever considered appropriate have been included in Ind AS 101, First-time Adoption of Indian Accounting Standards corresponding to IFRS 1, First-time Adoption of International Financial Reporting Standards and paragraphs related to Effective date are not relevant in Indian context. However, in order to maintain consistency with paragraph numbers of IAS 37, these paragraph numbers are retained in Ind AS 37. Paragraph 103 relates to IFRS 17, *Insurance Contracts*, for which corresponding Ind AS is under formulation.”;

[F.No.01/01/2009-CL-V (Pt.VIII)]

K.V.R. MURTY, Jt. Secy.

Note: The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), dated the 16th February, 2015 vide number G.S.R. 111(E), dated the 16th February, 2015 and were subsequently amended vide notifications number G.S.R. 365 (E), dated the 30th March, 2016, number G.S.R. 258(E), dated the 17th March, 2017, number G.S.R. 310(E), dated the 28th March, 2018, number G.S.R. 903(E), dated the 20th September, 2018, G.S.R. 273(E), dated the 30th March, 2019 and number G.S.R. 274 (E), dated the 30th March, 2019.