Commission Regulation (EU) 2019/412 of 14 March 2019 on amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards 12 and 23 and International Financial Reporting Standards 3 and 11 (Text with EEA relevance)

COMMISSION REGULATION (EU) 2019/412

of 14 March 2019

on amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards 12 and 23 and International Financial Reporting Standards 3 and 11

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards[(1)], and in particular Article 3(1) thereof,

Whereas:

(1) By Commission Regulation (EC) No 1126/2008[(2)] certain international standards and interpretations that were in existence at 15 October 2008 were adopted.

(2) On 12 December 2017, the International Accounting Standards Board (IASB) published Annual Improvements to International Financial Reporting Standards 2015-2017 Cycle (the annual improvements), in the framework of its regular improvement process which aims at streamlining and clarifying the standards. The objective of the annual improvements is to address non-urgent, but necessary issues discussed by the IASB during the project cycle on areas of inconsistency in International Financial Reporting Standards or where clarification of wording is required.

(3) Following the consultations with the European Financial Advisory Group, the Commission concludes that the amendments to International Accounting Standard (IAS) 12 *Income Taxes*, IAS 23 *Borrowing Costs*, International Financial Reporting Standard (IFRS) 3 *Business Combinations* and IFRS 11 *Joint Arrangements* meet the criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002.

(4) Regulation (EC) No 1126/2008 should therefore be amended accordingly.

(5) The measures provided for in this Regulation are in accordance with the opinion of the Accounting Regulatory Committee,

HAS ADOPTED THIS REGULATION:

Changes to legislation: *There are outstanding changes not yet made to Commission Regulation (EU) 2019/412. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

Article 1

(a) International Accounting Standard (IAS) 12 *Income Taxes* is amended as set out in the Annex to this Regulation;

(b) IAS 23 *Borrowing Costs* is amended as set out in the Annex to this Regulation;

(c) International Financial Reporting Standard (IFRS) 3 *Business Combinations* is amended as set out in the Annex to this Regulation;

(d) IFRS 11 *Joint Arrangements* is amended as set out in the Annex to this Regulation.

Article 2

Each company shall apply the amendments referred to in Article 1, at the latest, as from the commencement date of its first financial year starting on or after 1 January 2019.

Article 3

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 14 March 2019.

For the Commission

The President

Jean-Claude JUNCKER

***Changes to legislation:** There are outstanding changes not yet made to Commission Regulation (EU) 2019/412. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

ANNEX

Annual Improvements to IFRS® Standards 2015–2017 Cycle

Amendments toIFRS 3 Business Combinations

Paragraphs 42A and 64O are added.

Additional guidance for applying the acquisition method to particular types of business combinations

A business combination achieved in stages

…

42A When a party to a joint arrangement (as defined in IFRS 11 *Joint Arrangements*) obtains control of a business that is a joint operation (as defined in IFRS 11), and had rights to the assets and obligations for the liabilities relating to that joint operation immediately before the acquisition date, the transaction is a business combination achieved in stages. The acquirer shall therefore apply the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation in the manner described in paragraph 42. In doing so, the acquirer shall remeasure its entire previously held interest in the joint operation.

EFFECTIVE DATE AND TRANSITION

Effective date

…

64O *Annual Improvements to IFRS Standards 2015–2017 Cycle*, issued in December 2017, added paragraph 42A. An entity shall apply those 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 1 January 2019. Earlier application is permitted. If an entity applies those amendments earlier, it shall disclose that fact.

Amendments to IFRS 11 *Joint Arrangements*

Paragraph B33CA and paragraph C1AB are added.

Accounting for acquisitions of interests in joint operations

…

B33CA A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. In such cases, previously held interests in the joint operation are not remeasured.

…

EFFECTIVE DATE

…

C1AB *Annual Improvements to IFRS Standards 2015–2017 Cycle*, issued in December 2017, added paragraph B33CA. An entity shall apply those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies those amendments earlier, it shall disclose that fact.

Amendments to IAS 12 *Income Taxes*