Commission Regulation (EU) 2019/402 of 13 March 2019 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 Standard 19

COMMISSION REGULATION (EU) 2019/402

of 13 March 2019

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 Standard 19

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 7 February 2018, the International Accounting Standards Board (IASB) published Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) in the framework of its regular improvement process, which aims at streamlining and clarifying the standards. The objective of the amendments is to clarify that, after a defined-benefit plan amendment, curtailment or settlement occurs, an entity should apply the updated assumptions from the remeasurement of its net defined benefit liability (asset) for the remainder of the reporting period.

(3) Following the consultation with the European Financial Reporting Advisory Group, the Commission concludes that the amendments to International Accounting Standard (IAS) 19 *Employee Benefits* 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:

Article 1

In the Annex to Regulation (EC) No 1126/2008, International Accounting Standard (IAS) 19 *Employee Benefits* is amended as set out in the Annex to this Regulation.

Changes to legislation: *There are outstanding changes not yet made to Commission Regulation (EU) 2019/402. 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 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, 13 March 2019.

For the Commission

The President

Jean-Claude JUNCKER

***Changes to legislation:** There are outstanding changes not yet made to Commission Regulation (EU) 2019/402. 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

Plan Amendment, Curtailment or Settlement(Amendments to IAS 19)Amendments to IAS 19 *Employee Benefits*

Paragraphs 101A, 122A, 123A and 179 are added and paragraphs 57, 99, 120, 123, 125, 126 and 156 are amended. A heading is added before paragraph 122A.
POST-EMPLOYMENT BENEFITS: DEFINED BENEFIT PLANS

…
Recognition and measurement

…

57. Accounting by an entity for defined benefit plans involves the following steps:

…

(c) determining amounts to be recognised in profit or loss:

(i) current service cost (see paragraphs 70–74 and paragraph 122A).

…

…
Past service cost and gains and losses on settlement

99. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions, (including current market interest rates and other current market prices), reflecting:

(a) **the benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and**

(b) **the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement.**

…

101A When a plan amendment, curtailment or settlement occurs, an entity shall recognise and measure any past service cost, or a gain or loss on settlement, in accordance with paragraphs 99–101 and paragraphs 102–112. In doing so, an entity shall not consider the effect of the asset ceiling. An entity shall then determine the effect of the asset ceiling after the plan amendment, curtailment or settlement and shall recognise any change in that effect in accordance with paragraph 57(d).

…
Components of defined benefit cost

120. An entity shall recognise the components of defined benefit cost, except to the extent that another IFRS requires or permits their inclusion in the cost of an asset, as follows:

(a) **service cost (see paragraphs 66–112 and paragraph 122A) in profit or loss;**

…
Current service cost