

Beyond the GAAP

Forvis Mazars' monthly newsletter on financial and sustainability reporting

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The drafting of the present issue was completed on 8 September 2026.

Editorial

The summer of 2026 begins with a packed IFRS agenda, featuring a number of major IASB initiatives: the withdrawal of the agenda decision on reverse factoring; a draft amendment to IFRS 18 on the presentation of certain tax expenses; the completion of the post-implementation review of IFRS 16; and preparations for the post-implementation review of IFRS 9 on hedge accounting. Aside from their technical nature, these developments confirm the focus on the readability of financial statements, the consistency of classifications and the costs of implementing the standards.

IFRS Highlights

IFRS 18: IASB withdraws the agenda decision on Supply Chain Financing Arrangements – Reverse Factoring

Readers will recall that in light of the impending entry into force of IFRS 18, the IASB had approved the updating of a number of IFRS IC agenda decisions which simply involved replacing references to IAS 1 with references to IFRS 18 (see **Beyond the GAAP no. 206** of January 2026). As more work was required to update the agenda decision on Supply Chain Financing Arrangements – Reverse Factoring, the IFRS Interpretations Committee (IFRS IC) had recommended its withdrawal to the IASB.

Published in December 2020, this decision had established a framework for analysing the application of IFRS provisions to this type of transaction (see, in particular, **Beyond the GAAP No. 146** of July – August 2020). In May 2023, amendments to IAS 7 and IFRS 7 then clarified the disclosures to be provided in the notes to the financial statements regarding Supplier Finance Arrangements.

After considering feedback from targeted outreach on potential accounting implications of withdrawing the agenda decision on Supply Chain Financing Arrangements – Reverse Factoring, the IASB decided at its July meeting to withdraw the decision.

IFRS 18: presentation of tax charges imposed by a government as a direct substitute for income taxes

At its July meeting, the IASB tentatively decided to propose an amendment to IFRS 18 to require an entity to classify, in the income taxes category of the statement of profit or loss, tax charges imposed by a government as a direct substitute for income taxes, if legislation specifies that an entity pays either an income tax or a specified tax charge.

This amendment would be accompanied by further guidance on the presentation of such tax charges and the associated disclosures (in particular, their effect on management-defined performance measures).

This decision is intended to address stakeholders' concerns regarding the implications of applying the provisions of IFRS 18 to certain taxes or other charges that do not constitute either a tax expense or tax income under IAS 12.

The exposure draft containing the proposed amendments is expected to be published in the fourth quarter of 2026.

Post-implementation Review of IFRS 16: IASB completes its discussions

At its July meeting, the IASB completed its discussions on stakeholder feedback received as part of the post-implementation review (PiR) of IFRS 16 Leases.

It concluded that the standard was working overall as intended and confirmed its previous tentative decisions:

- to add a research project to its project pipeline to explore how to mitigate the application costs for lessees of applying the measurement requirements in IFRS 16 relating to:
    - remeasurements of the lease liability (for example, by reducing their frequency and simplifying the requirements in respect of variable lease payments that are linked to an index or a rate);
    - discount rates (for example, by requiring or permitting lessees to use a simplified discount rate instead of an incremental borrowing rate and an unchanged discount rate for some remeasurements of the lease liability);
- to add a narrow-scope project to clarify how a lessee applies IFRS 16 and IFRS 9 to account for a rent concession granted by the lessor where this concession is the only change to the lease contract;
- to consider, in its next agenda consultation, the priority of a project to explore the effects of applying the requirements in IFRS 16 and IFRS 10 to account for a sale and leaseback transactions of an asset in a single-asset entity together with other corporate wrapper matters;
- to explore, in its project on the statement of cash flows, the option of requiring lessees to disclose the components of the total cash outflow for leases together with the line item in the statement of cash flows in which each component is presented.

The IASB will publish a project summary and feedback statement on the Post-implementation Review of IFR 16 in the fourth quarter of 2026.

Post-implementation Review of IFRS 9 on Hedge Accounting: preparing a request for information

In the first half of 2026, the IASB launched the preparatory phase of the post-implementation review of IFRS 9 on hedge accounting (see **Beyond the GAAP no. 207** of February 2026).

At its July 2026 meeting, the IASB assessed stakeholder feedback in order to identify the topics to be included in its Request for Information (RFI), based on the staff analysis summarised below.

In general, the IASB staff found that most stakeholders said that the hedge accounting requirements in IFRS 9 are working as intended. By comparison with IAS 39, these requirements made it easier to reflect in the financial statements the accounting effects of hedging transactions on risk management activities. However, stakeholders expressed mixed views on the hedge accounting disclosure requirements in IFRS 7.

Further analysis showed that, although the feedback did not question whether the requirements are working overall as intended, stakeholders reported a number of implementation difficulties, which the staff analysed in more detail:

- the importance of applying judgment to determine whether a forecast transaction is ‘highly probable to occur’, whether an economic relationship exists between a hedged item and a hedging instrument, or whether specific disclosures provide decision-useful information to users;
- the cost or operational complexity associated with certain requirements, for example, determining the cost of the hedge between the ‘aligned’ and ‘unaligned’ portions of a hedging instrument, applying a basis adjustment to inventory when individual items are not tracked, or preparing certain disclosures required by IFRS 7;
- the need for more application guidance or educational material about some topics, such as regarding the rebalancing requirements or the reconciliation to be disclosed between ineffectiveness and the difference between the changes in the fair value of the hedged item and of the hedging instrument;
- the desire to expand the scope of eligible items, for example to include planned transactions whose completion is deal-contingent or whose volume is likely to vary.

On this basis, the IASB appears to be accepting the staff recommendation not to include in the RFI questions relating to specific requirements. The tentative decision taken following its July meeting suggests that the request for information should be

limited to the usual general questions designed to assess whether:

- those requirements are meeting their objectives;
- the benefits to users of the information arising from applying those requirements are as expected; and
- the costs of applying those requirements, and of auditing and enforcing their application, are as expected.

Update to the IPTF watch list on hyperinflationary economies

In July, the International Practices Task Force (IPTF), part of the SEC Regulations Committee at the Centre for Audit Quality (CAQ), published an update to its watch list identifying the economies considered to be hyperinflationary (available **here**).

The countries with three-year cumulative inflation rates exceeding 100% are Argentina, Haiti, Iran, Lebanon, Malawi, Nigeria, South Sudan, Sudan, Türkiye, Venezuela, and Zimbabwe.

Note that since the last edition (see **Beyond the GAAP no.206** of January 2026) Burundi, Ethiopia, Ghana, Lao P.D.R, Myanmar, Sierra Leone and Suriname have dropped out of this category.

As in previous editions, the IPTF points out that this list has been drawn up on the basis of available data and recommends consulting official sources and documents when exercising professional judgement to determine whether there is sufficient evidence to conclude to conclude that a country should, or should no longer, be classified as highly inflationary.

IFRS Foundation: new Chairs appointed to the Trustees and the IASB

In early August **the Trustees of the IFRS Foundation announced the appointments** of Steven Maijoor as Chair of the Trustees and Sam Woods as next chair of the IASB.

Steven Maijoor is the former Chair of ESMA and is currently a member of the Executive Board of De Nederlandsche Bank and of the Supervisory Board of the European Central Bank. He will succeed Erkki Liikanen on 1 January 2027 for a three-year term.

Sam Woods previously served as Deputy Governor of the Bank of England and Chief Executive Officer of the UK Prudential Regulation Authority (PRA), and will succeed Andreas Barckow. His five-year term begins on 1 October 2026.

This reorganisation of governance is accompanied by **the appointment of Laura Forzani** as managing director of the IFRS Foundations IFRS with effect from 1 September.

Publication of an exposure draft proposing Targeted Amendments to the IFRS Foundation Constitution

In August, the IFRS Foundation published **an exposure draft** proposing a number of targeted amendments to its Constitution. These are primarily intended to incorporate into the Foundation's Constitution certain governance decisions announced by the Trustees (for example, in **June 2025**).

The proposed amendments include:

- a reduction in the size of the IASB and the ISSB from the current 14 members to between 8 and 12 members;
- clarification of the rules governing the geographical allocation of members of the two boards;
- certain changes to voting arrangements.

The consultation is open until 16 November 2026.

Upcoming publication by the ISSB of an Exposure Draft on Nature-related Disclosures

The ISSB discussed the due process steps for developing an Exposure Draft (ED) of the proposed IFRS Practice Statement on Nature-related Disclosures, including consideration of the likely effects, during its July meeting (see ISSB Update available **here**).

The ISSB consecutively planned to publish this ED in October 2026, for a 120-day comment period.

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