

Aug 12, 2019

Mr. Hans Hoogervorst, Chairman  
International Accounting Standards Board  
Columbus Building, 7 Westferry Circus, Canary Wharf  
London E14 4HD  
United Kingdom

Dear Mr. Hoogervorst,

**Exposure Draft ED/2019/5 Annual Improvements to IFRS Standards 2018–2020**

The Financial Accounting Issues Task Force of the Taiwan Financial Reporting Standards Committee (TFRSC) of Accounting Research and Development Foundation in Taiwan appreciates the opportunity to respond to the above exposure draft.

The attachments (Attachment 1) are our comments to this exposure draft. The comments are those of the Financial Accounting Issues Task Force and do not necessarily represent official opinions of the TFRSC.

If you have any question about our comments, please contact me (via my email: [ccliu@management.ntu.edu.tw](mailto:ccliu@management.ntu.edu.tw)) or Ms. Margaret Tsui (via her email: [margaret@ardf.org.tw](mailto:margaret@ardf.org.tw)).

Sincerely Yours,



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Chi-Chun Liu, Ph.D.  
Chairman,  
Taiwan Financial Reporting Standards Committee,  
Accounting Research and Development Foundation, Taiwan

**Attachment 1**

Exposure Draft ED/2019/5 Annual Improvements to IFRS Standards 2018–2020

## Annual Improvements to IFRS Standards 2018–2020

**Proposed amendments (please answer individually for each proposed amendment)**

Do you agree with the Board’s proposal to amend the Standards and accompanying documents in the manner described in the Exposure Draft?

If not, why not, and what do you recommend instead?

**Response to the above Question:**

We basically agree with the Board’s proposed amendments to IFRS1, IFRS9, IFRS16 and IAS41. While in respect of proposed amendments to IFRS9 and IFRS16, we have some suggestions listed below.

Proposed amendment to IFRS 9

We basically agree with the Board’s proposed amendments to IFRS9. However, we suggest the IASB add some illustrative examples to avoid misunderstanding of the meaning of “fees paid or received by either the borrower or lender on the other’s behalf”.

Proposed amendment to Illustrative Examples accompanying IFRS 16

We agree with the Board’s intention of the proposed amendments. However, we think only removing the wordings from Illustrative Example 13 can’t help to clarify the confusion about whether the reimbursements relating to leasehold improvement are lease incentives or not. We observed that reimbursement relating to leasehold improvement by the lessor to the lessee is common in practice. In the absence of clear guidance about how to determine such reimbursements are lease incentives or not, we are concerned that there will be diversity in practice. Therefore, we suggest that the IASB deliberate the issue and then make a clarification in IFRS16 or agenda decision.