



Clarification of classification and measurement of share based payment transactions

Project summary

The IASB is undertaking a narrow-scope project to provide clarification of classification and measurement of share based payment transactions. The anticipated proposed amendment will affect AASB 2 *Share Based Payments*.

Project contact

Kala Kandiah
Senior Project Manager
kkandiah@asb.gov.au

Project priority: High

Issued documents

- ED 257 *Classification and Measurement of Share-based Payment Transactions* (Proposed amendments to AASB 2)

Project status

- ED 257 open for comment until 25 Feb 2015
- [Link to IASB project page](#)

AASB outreach

- No formal outreach has been done yet on this topic

Board deliberations

- AASB Action Alert Update and AASB Board papers

AASB communications

- No AASB communications have been issued yet on this topic

Project news

Date	News
December 2014	Action Alert – Classification and Measurement of Share-based Payment Transactions
May 2014	Action Alert – Narrow Scope Amendments

The staff of the AASB have prepared this summary for information purposes only. The Board decisions described are tentative and do not change current accounting pronouncements unless otherwise indicated. Official positions of the AASB are determined only after extensive due process and deliberations. While this summary is regularly updated, it does not provide a comprehensive review or statement of events and should not be treated as such.

Last updated: **22 December 2014**

AASB Action Alert Update and Board Papers

Meeting Date	Update
December 2014	<p>The Board discussed ED 257 <i>Classification and Measurement of Share-based Payment Transactions</i> (which incorporates IASB ED/2014/5) and formed tentative views on key comments to make in its submission to the IASB in relation to measurement, subject to considering feedback received from constituents.</p> <p>The Board tentatively agreed with proposals in the ED to:</p> <ul style="list-style-type: none"> (a) clarify that accounting for the effects of vesting and non-vesting conditions on the measurement of a cash-settled share-based payment should follow the approach used for measuring equity-settled share-based payments in paragraphs 19–21A of IFRS 2; (b) specify that if the entity settles the share-based payment arrangement net by withholding a specified portion of the equity instruments to meet the statutory tax withholding obligation, then the transaction should be classified as equity-settled in its entirety, if the entire share-based payment would otherwise be classified as equity-settled if it had not included the net settlement feature; and (c) specify that modifications to the terms and conditions of a cash-settled share-based payment transaction that results in a change in its classification from cash-settled to equity-settled should be accounted for in the following manner: <ul style="list-style-type: none"> (i) the share-based payment transaction is measured by reference to the modification date fair value of the equity instruments granted as a result of the modification; (ii) the liability recognised in respect of the original cash-settled share-based payment is derecognised upon the modification, and the equity-settled share-based payment is recognised to the extent that the services have been rendered up to the modification date; and (iii) the difference between the carrying amount of the liability as at the modification date and the amount recognised in equity at the same date is recognised in profit or loss immediately. <p>The Board also tentatively agreed with the proposed prospective application of the above amendments, and with the proposal to permit an entity to apply the amendments retrospectively if it has the information needed to do so and this information is available without the use of hindsight.</p>
May 2014	<p>The Board received an update on the following IASB narrow scope projects:</p> <ul style="list-style-type: none"> (d) Fair Value Measurement: Unit of Account; (e) Clarifications of Classification and Measurement of Share-based Payment Transactions (Proposed amendments to IFRS 2); and (f) Investment Entities: Applying the Consolidation Exemption (Proposed amendments to IFRS 10 and IAS 28). <p>The Board noted the IASB's tentative decisions to date on the respective projects and, while expressing concern in relation to some of the proposed amendments, decided not to raise any issues with the IASB on these projects prior to the AASB drafting its submissions on the forthcoming Exposure Drafts.</p> <p>12.2 Memorandum from Kala Kandiah dated 13 May 2014 re narrow scope amendments – IFRS 2</p>