

# **Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback**

**[AASB 16]**



**Australian Government**

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**Australian Accounting  
Standards Board**

## Obtaining a copy of this Accounting Standard

This Standard is available on the AASB website: [www.aasb.gov.au](http://www.aasb.gov.au).

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Australian Accounting Standard AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback* is set out on pages 5 – 6. All the paragraphs have equal authority.

## Preface

### Standards amended by AASB 2022-5

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This Standard makes amendments to AASB 16 *Leases* (February 2016).

These amendments arise from the issuance of International Financial Reporting Standard *Lease Liability in a Sale and Leaseback* (Amendments to IFRS 16) by the International Accounting Standards Board (IASB) in September 2022.

### Main features of this Standard

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#### Main requirements

This Standard amends AASB 16 to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 *Revenue from Contracts with Customers* to be accounted for as a sale.

AASB 16 already requires a seller-lessee to recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The amendments made by this Standard ensure that a similar approach is applied by also requiring a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that does not recognise any amount of the gain or loss related to the right of use it retains.

#### Application date

This Standard applies to annual periods beginning on or after 1 January 2024. Earlier application is permitted.

## Accounting Standard AASB 2022-5

The Australian Accounting Standards Board makes Accounting Standard AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback* under section 334 of the *Corporations Act 2001*.

Dated 10 November 2022

Dr Keith Kendall  
Chair – AASB

## Accounting Standard AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*

### Objective

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This Standard amends AASB 16 *Leases* (February 2016) as a consequence of the issuance of International Financial Reporting Standard *Lease Liability in a Sale and Leaseback* (Amendments to IFRS 16) by the International Accounting Standards Board in September 2022.

### Application

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The amendments set out in this Standard apply to entities and financial statements in accordance with the application of AASB 16 set out in AASB 1057 *Application of Australian Accounting Standards*.

This Standard applies to annual periods beginning on or after 1 January 2024.

This Standard may be applied to annual periods beginning before 1 January 2024. When an entity applies this Standard to such an annual period, it shall disclose that fact.

This Standard uses underlining, striking out and other typographical material to identify the amendments to AASB 16, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that underlining, striking out or other typographical material. Ellipses (...) are used to help provide the context within which amendments are made and also to indicate text that is not amended.

### Amendments to AASB 16 *Leases*

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Paragraphs 102A, C1D and C20E are added and paragraph C2 is amended. A new heading is added before paragraph C20E. New text is underlined, and deleted text is struck through.

### Sale and leaseback transactions

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...

#### **Assessing whether the transfer of the asset is a sale**

...

#### **Transfer of the asset is a sale**

...

102A After the commencement date, the seller-lessee shall apply paragraphs 29–35 to the right-of-use asset arising from the leaseback and paragraphs 36–46 to the lease liability arising from the leaseback. In applying paragraphs 36–46, the seller-lessee shall determine ‘lease payments’ or ‘revised lease payments’ in a way

that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying the requirements in this paragraph does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease as required by paragraph 46(a).

...

## **Appendix C**

### **Effective date and transition**

#### **Effective date**

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...

C1D AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback, issued in November 2022, amended paragraph C2 and added paragraphs 102A and C20E. A seller-lessee shall apply these amendments for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies these amendments for an earlier period, it shall disclose that fact.

#### **Transition**

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C2 For the purposes of the requirements in paragraphs C1–~~C20E~~–~~C19~~, the date of initial application is the beginning of the annual reporting period in which an entity first applies this Standard.

...

#### **Lease liability in a sale and leaseback**

C20E A seller-lessee shall apply AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback (see paragraph C1D) retrospectively in accordance with AASB 108 to sale and leaseback transactions entered into after the date of initial application.

#### **Commencement of the legislative instrument**

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For legal purposes, this legislative instrument commences on 31 December 2023.