

PROJECT HISTORY

Contact: Joanna Spencer (JoannaSpencer@ipsasb.org)

Amon Dhiwayo (AmonDhiwayo@ipsasb.org)

Staff presented an Issues Paper which outlined proposals to replace IPSAS 9, *Revenue from Exchange Transactions* and IPSAS 11, *Construction Contracts* with an IPSAS that is primarily based on the IASB pronouncement from IFRS 15, *Revenue from Contracts with Customers*. This paper also considered how the requirements of IFRS 15 could be expanded to be applied to the Public Sector Performance Obligation Approach (PSPOA).

Revenue – IFRS 15 alignment

After considering alignment with the IASB pronouncement IFRS 15, the IPSASB decided that there are certain changes to terminology that warrant departure from IFRS 15. The IPSASB decided to proceed with the terms, “Binding Arrangements”, “Binding Arrangement Asset and Binding Arrangement Liability”, “Consideration and Exchange” and “Goods and Services”. The IPSASB instructed staff to consider the suitability of the term, “Customer” and consider transactions that are within the Scope of the Standard. The IPSASB decided to add explanatory text that the Expected Cost plus Margin method used to estimate stand-alone selling prices could also be used where appropriate, for goods and services that are provided on a cost-recovery basis. The IPSASB also prompted staff to decide on a suitable title for the Standard.

Revenue – Public Sector Performance Obligation Approach

The Board decided to change ‘commercial substance’ with ‘economic substance’ and instructed staff to ensure consistency with other IPSAS and determine whether consequential amendments are necessary.

It was further decided that legislation and the ability to reduce future funding should be included as potential enforcement mechanisms for the PSPOA, and the Board instructed staff to develop guidance on enforceability indicating that the mechanisms may be jurisdictionally specific. Further the guidance should demonstrate how these mechanisms would work.

Update to IPSAS 23 Revenue from Non-Exchange Transactions (Taxes and Transfers)

Staff presented an Issues paper with proposed amendment to the ‘services in-kind’ text in IPSAS 23. The purpose of this re-draft was to update the text for the Board’s instruction from the June 2018 meeting which was not to change the current recognition requirements in IPSAS 23, but rather to draft text to encourage entities to disclose qualitative information about any volunteer services received. The Board instructed staff to consider the NZ requirements for providing qualitative disclosures for entities that are reliant of services in-kind for their operations.

Other Compulsory Contributions and Levies

Staff presented an Issues Paper and proposed amendments to IPSAS 23, *Revenue from Non-Exchange Transactions (Taxes and Transfers)*. The proposed amendments were intended to extend the IPSAS 23 requirements in respect of taxation revenue to cover other compulsory contributions and levies such as social contributions.

The IPSASB was content with the principles but instructed staff to simplify the drafting. The IPSASB requested that staff explain the principles using a generic term, giving consideration to the GFS definitions of taxation and levies.