

## PROJECT HISTORY

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Following the September 2019 meeting, staff prepared a full draft of the *Transfer Expenses* Exposure Draft (ED). This was circulated to Members in November 2019 for an In-Period review. The draft ED was updated in response to comments received as part of the In-Period review ahead of the December 2019 meeting.

At the December 2019 meeting, staff presented a number of cross-cutting issues and issues specific to ED 72, *Transfer Expenses* that had been raised in the November 2019 In-Period review. The IPSASB then performed a page-by-page review of ED 72 and provided the staff with a number of specific instructions. The staff responded to these instructions at the morning session on Friday, December 13, 2019, which led to the approval of ED 72 being confirmed.

In finalizing ED 72, the IPSASB agreed that the definition of transfer expenses should be consistent with the definition of transfers in ED 71, *Revenue without Performance Obligations*. Transfer expenses are therefore defined as transactions, **other than taxes**, where an entity transfers resources to another party without directly receiving anything in return.

The accounting for transfer expenses with performance obligations mirrors the accounting for revenue with performance obligations in ED 70, *Revenue with Performance Obligations*. Expenses are recognized as the transfer recipient satisfies its performance obligations.

ED 72 does not mirror ED 71, *Revenue without Performance Obligations*, however, as it requires an expense to be recognized immediately, where there are no performance obligations.

ED 72 is expected to be issued in February 2020, and will have a six-month exposure period.