Agenda Item 7: Transfer Expenses

Paul Mason, Senior Advisor

IPSASB Meeting
December 10–13, 2019
Abu Dhabi, United Arab Emirates
Taxes – Removal Implications

- Delete tax references in scope exclusions (paragraph 3)
- Delete tax paragraph in core text (paragraph 99)
- Delete application guidance (AG102-AG109)
- Change example (paragraph 43B in Amendments to IPSAS 33)
- Revise BC paragraph (BC64)
- Update table in IG2 showing links between EDs
- Delete Example 36
Transfer Expenses

Project management – Stock take

Road map – progress to date and future meeting plans

Board decisions

Board instructions – satisfied with actions taken

Other issues?
Transfer Expenses

Themes (ED 72)
(Agenda Item 7.2.1)

Crosscutting

1 Transfer Revenue/Transfer Expense
2 Disclosures
3 Binding Arrangement
4 Examples/Editorials/BCs

ED 72

5 Structure
8 Scope
9 PSPOA Assessment
10 Other Issues
Transfer Expenses

Scope (1)
(Agenda Item 7.2.3)

<table>
<thead>
<tr>
<th>Definition of Transfer Expense</th>
<th>• Staff view covers all transactions, no action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactions partly within scope of ED 72 and partly without</td>
<td>• Example 3 (purchase vehicle for self and third party)</td>
</tr>
<tr>
<td>Link with ED 70, Revenue with Performance Obligations</td>
<td>• Paragraph 8 expanded to refer to third-party beneficiaries</td>
</tr>
<tr>
<td>Taxes</td>
<td>• Paragraphs 99 and AG109 amended to clarify exclusions re income and payroll taxes</td>
</tr>
</tbody>
</table>
Transfer Expenses

Scope (2)
(Agenda Item 7.2.3)

Transactions within the scope of IPSAS 41, *Financial Instruments*
- Amendments to explicitly exclude transactions within the scope of IPSAS 41

Statutory Payables
- IPSASB decision, no action

Performance obligations linked to third parties
- Paragraph AG25 added to clarify that performance obligations always involve transfers to third-party beneficiaries
### Transfer Expenses

**Scope (3)**
*(Agenda Item 7.2.3)*

<table>
<thead>
<tr>
<th>Capital grants</th>
<th>• Paragraph 1 amended to include specific reference to capital grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall scoping guidance</td>
<td>• Covered by scope exclusions, no action</td>
</tr>
<tr>
<td>Scope of transfer expenses without performance obligations</td>
<td>• Reference to goods being returned to the transfer provider removed</td>
</tr>
</tbody>
</table>
Transfer Expenses

Structure
(Agenda Item 7.2.4)

- Swap expenses with performance obligations and expenses without performance obligations
- Move paragraph AG2 (meeting the objective) into core text
- Use cross references rather than repeating text
- Move debt relief paragraphs to Application Guidance

Staff propose no change
Transfer Expenses

PSPOA Assessment
(Agenda Item 7.2.5)

- Assessment of when a third-party beneficiary gains control
- Measuring progress towards complete satisfaction of a performance obligation
- Use of input methods
- Use of assumptions
- Transfer provider’s loss of control
- Disclosures
Transfer Expenses

Other Issues (1)
(Agenda Item 7.2.6)

Contributions from owners:
Staff consider needed, no action

Price and consideration:
Used in general manner not defined terms, no action

Expense treatment should mirror revenue treatment:
Difference between with and without performance obligations, no action

Prepayments:
Treatment explained, no action
Transfer Expenses

Other Issues (2)
(Agenda Item 7.2.6)

Appropriations
• Text consistent with ED 71, no action

Editorial changes
• To note

Terminology
• Use of “transfer provider” throughout ED 72, review use of goods, services and other assets

Definitions
• IPSASB decision to use cross references, no action
Transfer Expenses

Other Issues (3) (Agenda Item 7.2.6)

• IPSAS 24, *Presentation of Budget Information in Financial Statements*, no action

• Review in light of decisions

• Agency scenarios, none received to date

Amendments to Other IPSAS

Specific Matters for Comment

Illustrative Examples
Transfer Expenses

Approval of ED 72 (Agenda Item 7.2.7)

Due process followed

- CP, *Accounting for Revenue and Non-Exchange Expenses*, issued
- IPSASB discussed significant issues raised
- IPSASB developed ED 70, ED 71 and ED 72
- In-period review

Approve ED 72

Exposure period ending August 31, 2020