

Interpretations Committee Update

Talking points for episode 121



These talking points summarise the discussion at the IFRS Interpretations Committee meeting on 30 November and 1 December. The Committee finalised one agenda decisions and discussed two issues for initial consideration.



The Committee considered a submission about **negative low or new energy vehicle credits**. The submission described a specific fact pattern relevant to a jurisdiction whose government has introduced measures to promote energy efficiency and reduce carbon emissions. Those measures result in entities receiving negative and positive credits, depending on the energy-efficiency of its activities and there are limited options available for entities that have a net negative credit position. The submission asked whether an entity with negative credits has a present obligation that meets the definition of a liability in IAS 37. The Committee had a long and engaged debate about whether a present obligation exists and decided that a project should not be added to the agenda. However Committee members had different views on the reasoning for these conclusions, and directed the staff to bring back a paper incorporating the discussion to a future meeting.



The Committee considered a submission asking whether, in applying IFRS 15, a **reseller of software licences** is a **principal or agent**. The Committee noted that the fact pattern submitted is highly specific and that although often similar, not all software reseller contracts are the same. The Committee decided not to add a standard-setting project to the workplan because it considered that the principles and requirements in IFRS Standards provide an adequate basis for an entity to determine whether - in the fact pattern described in the request - it is a principal or agent for the standard software licenses provided to a customer. The Committee decided to issue a tentative agenda decision that would set out the applicable requirements in IFRS 15 and explain how a reseller might apply those requirements to determine whether it is acting as a principal or an agent with respect to the sale of standard software licences to a customer. The tentative agenda decision would thus provide a framework explaining how to walk through the applicable requirements.



The Committee finalised a tentative agenda decisions on the accounting for **economic benefits from use of a windfarm**. For further information on this issue, please refer to the discussion of Power Purchase Agreements in a Gross Pool Electricity Market in [IFRS Talks Episode 111](#).



The Committee will give stakeholders an opportunity to respond to the tentative agenda decisions on principal versus agent: software reseller. It will consider the responses at a future meeting.