

August 20, 2019

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**IFRS Foundation**

Columbus Building  
7 Westferry Circus  
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**Reference: Exposure Draft ED 2019/2 – Annual Improvements to IFRS Standards 2018-2020**

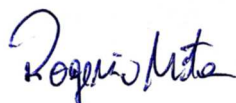
The Comitê de Pronunciamentos Contábeis - CPC (Brazilian Accounting Pronouncements Committee)<sup>1</sup> welcomes the opportunity to respond to the Exposure Draft ED 2019/2 – Annual Improvements to IFRS Standards 2018-2020.

We are a standard-setting body engaged in the study, development and issuance of accounting standards, interpretations and guidance for Brazilian companies.

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If you have any questions about our comments, please do not hesitate to contact us at [operacoes@cpc.org.br](mailto:operacoes@cpc.org.br).

Yours sincerely,



Rogério Lopes Mota  
Chair of International Affairs  
Comitê de Pronunciamentos Contábeis (CPC)

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<sup>1</sup>The Brazilian Accounting Pronouncements Committee (CPC) is a standard-setting body engaged in the study, development and issuance of accounting standards, interpretations and guidances for Brazilian companies. Our members are nominated by the following entities: ABRASCA (Brazilian Listed Companies Association), APIMEC (National Association of Capital Market Investment Professionals and Analysts), B3 (Brazilian Stock Exchange and Mercantile & Future Exchange), CFC (Federal Accounting Council), FIPECAFI (Financial and Accounting Research Institute Foundation) and IBRACON (Brazilian Institute of Independent Auditors).



**Question: Proposed amendments to Standards and accompanying documents**

Do you agree with the IASB's proposal to amend the Standards and accompanying documents in the manner described in the Exposure Draft?

If not, why not, and what do you recommend instead?

**CPC's response to Issue 1 - IFRS 1 First-time Adoption of International Financial Reporting Standards: Subsidiary as a first-time adopter:**

CPC agrees with the IASB's proposal to amend IFRS 1 by extending the optional exemption in paragraph D16(a) to cumulative translation differences of a subsidiary that becomes a first-time adopter later than its parent.

**CPC's response to Issue 2 - IFRS 9 Financial Instruments: Fees included in the '10 per cent' test for derecognition of financial liabilities**

CPC agrees to amend IFRS 9 and the prospective application of this change.

**CPC's response to Issue 3 - Illustrative Examples accompanying IFRS 16 Leases: Lease incentives Notes to constituents – Summary of proposals in the ED**

Even though Illustrative Examples of IFRS Standards are not legally translated in Brazil, we believe that any confusion incurred by the application of a non-mandatory guidance should be clarified.

**CPC's response to Issue 4 - IAS 41 Agriculture: Taxation in fair value measurements Notes to constituents – Summary of proposals in the ED**

**CPC's response:**

CPC agrees with the IASB's proposal.