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commentletters@ifrs.org

IFRS Foundation

Columbus Building
7 Westferry Circus
Canary Wharf
London

Reference: Comment letter on ED/2020/4 - Lease Liability in a Sale and Leaseback

The Comitê de Pronunciamentos Contábeis - CPC (Brazilian Accounting Pronouncements Committee)¹ welcomes the opportunity to respond to the ED/2020/4 - Lease Liability in a Sale and Leaseback.

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

CPC welcomes the opportunity to comment on this Exposure Draft (ED). But, we do not support the amendments proposed in the ED on IFRS 16. We noted that: (i) the proposed amendments would create a measurement inconsistency between lease liabilities derived from sale and leaseback transactions and other lease liabilities, due to variable payments linked to future performance or use; (ii) that the ED captures a wide spectrum of payment structures, including for example lease payments that depend on an index or rate, which are commonly seen in sale and leaseback transactions; and, (iii) that the amendments proposed on the ED would introduce a high degree of estimation uncertainty, particularly for long-term leases and/or in unstable markets.

Therefore, we believe that the Board should review the proposals on the Exposure Draft.

If you have any questions about our comments, please do not hesitate to contact us at operacoes@cpc.org.br.

Yours sincerely,



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

¹The 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).