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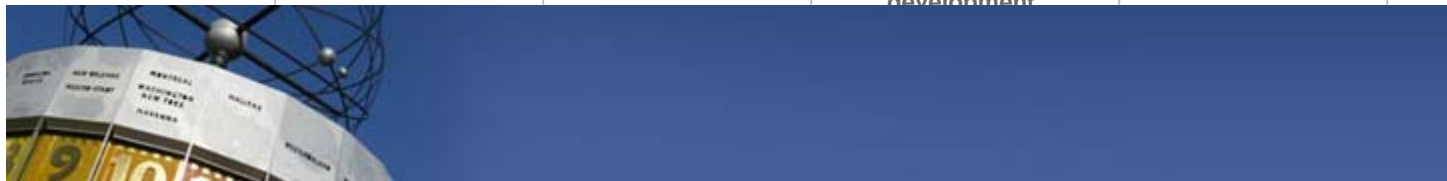
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Project Updates

IASB publishes proposals for amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation

 04 December 2012

The International Accounting Standards Board (IASB) today published for public comment an Exposure Draft of proposed amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*.

IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The objective of the proposed amendments is to ensure that preparers do not use revenue-based methods to calculate charges for the depreciation or amortisation of items of property, plant and equipment or intangible assets. This is because a revenue-based method reflects a pattern of economic benefits being generated from the asset, rather than the expected pattern of consumption of the future economic benefits embodied in the asset.

The issue originated from a submission to the IFRS Interpretations Committee. As a result, the Interpretations Committee recommended that the IASB should amend IAS 16 and IAS 38. The Exposure Draft can be accessed via the '**Comment on a proposal**' page. The IASB requests comments on these proposals by 2 April 2013.

End

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