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PRESS RELEASE

International standard setters reassessing lease accounting for SMEs

Brussels, 28 October 2020 – Leaseurope, the trade federation representing leasing and automotive rental at European level, has called on the International Accounting Standards Board (IASB) to ‘Think Small First’ before extending new lease accounting rules to its IFRS for SMEs Standard.

Leaseurope has issued a joint response to the IASB’s Comprehensive Review of the IFRS for SMEs Standard, together with the Equipment Leasing and Finance Association (ELFA) in the United States and the Canadian Finance and Leasing Association (CFLA). Our response notes that although the inclusion of certain simplifications to IFRS 16 in the proposals is helpful in principle, it is no substitute for full analysis before regulation that is clearly designed for larger companies is imposed on smaller firms. Without this, the IASB would clearly not be following the ‘Think Small First’ SME regulation principle. The response calls for genuinely independent cost-benefit analysis that is specific to SMEs before any decisions are made on possible changes to lease accounting under SME accounting regulations.

Working with its global partners, Leaseurope has been lobbying on the IFRS 16 lease accounting rules since 2006. This was finally approved for use in Europe in October 2017 and has been effective from January 2019. IFRS 16 is used mainly by large, listed firms and most European companies follow national accounting standards. IFRS for SMEs is not approved for use in Europe, however European national accounting standard setters often refer to changes in IFRS for SMEs when thinking about new versions of their own SME accounting rules.

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About Leaseurope

As a Federation, Leaseurope brings together 45 associations throughout Europe representing either the leasing, long term and/or short term automotive rental industries. The scope of products covered by Leaseurope members ranges from hire purchase and finance leases to operating leases of all asset types (automotive, equipment and real estate) and also includes the rental of cars, vans and trucks. Leaseurope represents around 1,700 leasing companies across Europe, with over 70,000 employees and represents approximately 91% of the European leasing market. Find out more at www.leaseurope.org.