

15 February 2021

Ms. Sue Lloyd
Chair of the IFRS Interpretations Committee
International Accounting Standards Board
Columbus Building, 7 Westferry Circus
Canary Wharf, London, E14 4HD
United Kingdom

**Comments on the Tentative Agenda Decision Relating to
Configuration or Customisation Costs in a Cloud Computing Arrangement
(IAS 38 Intangible Assets)**

1. The Accounting Standards Board of Japan (“the ASBJ” or “we”) welcome the opportunity to comment on the IFRS Interpretation Committee (“the Committee”)’s tentative agenda decision relating to “Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 *Intangible Assets*)” in the December 2020 IFRIC Update.

Reference to IFRS 15 *Revenue from Contracts with Customers* for the configuration or customisation costs

2. We agree that IAS 38 does not include requirements that deal with the identification of the services the customer receives and when the supplier performs those services to deliver them in relation to configuration or customisation costs described in the request if the customer does not recognise an intangible asset. We also agree that, accordingly, the customer shall refer to the requirements in IFRS Standards dealing with similar and related issues, applying paragraphs 10-11 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.
3. However, the tentative agenda decision states that “the Committee observed” that IFRS 15 includes requirements that suppliers apply in identifying the promised goods or services in a contract with a customer and when those promised goods or services

are transferred to the customer. In addition, the Committee notes that, in the fact pattern described in the request, those requirements in IFRS 15 deal with issues similar and related to those faced by the customer in determining when the supplier performs the configuration or customisation services in accordance with the contract to deliver those services.

4. In this context, we think the agenda decision may be read in various ways, and we are concerned that one of such ways could be that the agenda decision would require entities to always refer to IFRS 15. We also note that, even though paragraph 42 of Agenda Paper 5 prepared by IASB staff for discussion at the December 2020 IFRIC meeting stated that “we are not saying that a customer would always look to IFRS 15 in the absence of specific requirements regarding a particular transaction,” the tentative agenda decision does not include such description nor does it state that the fact pattern is merely an example.
5. Furthermore, as the IASB staff acknowledges in the aforementioned Agenda Paper, IFRS 15 applies to contracts with customers from the perspective of the seller. Although both the fact pattern in the request and IFRS 15 focus on the supplier, we believe it is inappropriate to include in the tentative agenda decision a conclusion that would imply that symmetrical accounting is required, when IFRS Standards do not necessarily require symmetrical accounting between the buyer and the seller. Even if the tentative agenda decision clearly states that the treatment is limited to “the fact pattern described in the request,” we are concerned that the tentative agenda decision would lead to effectively requiring symmetrical accounting between the buyer and the seller by analogy.
6. For the reasons stated above, we do not support the issuance of this tentative agenda decision unless it is clarified that entities are not always required to refer to IFRS 15 and that symmetrical accounting between the buyer and the seller would not always be required.
7. We hope that our comments are helpful for the Committee’s and the IASB’s consideration in the future. If you have any questions, please feel free to contact us.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A. Kogasaka'.

Atsushi Kogasaka

Chair

Accounting Standards Board of Japan