

EFRAG Releases Draft Comment Letter in Response to the IASB Request for Information on the Post-Implementation Review of IFRS 16 Leases

28.07.2025

EFRAG has published its [Draft Comment Letter \('DCL'\)](#) on the IASB's Request for Information ('RFI') IASB/RFI/2025/1 Post-implementation Review ('PIR') of IFRS 16 *Leases* ('IFRS 16' or 'the Standard'). **Comments on EFRAG's DCL are [requested by 30 September 2025](#)**

In the DCL response, EFRAG notes that **the Standard is generally working well** – especially for straightforward lease agreements - **and has largely met its objective of improving lease-related financial reporting**. Users appreciated the increased transparency and comparability brought about by the requirement for lessees to recognise most leases on the balance sheet. While preparers faced significant implementation costs - and ongoing costs remain high, particularly for lease-intensive industries - they also reported benefits including improvements in internal controls, lease monitoring, and data quality.

However, there are some potential areas for targeted improvements of the Standard. EFRAG raises conceptual issues regarding the **presentation and disclosure of cash flow information**.

EFRAG also highlights **application issues** regarding whether some contracts fall within the scope of IFRS 16, particularly in relation to certain intangible assets such as software licences and cloud computing services, as well as the complexity of distinguishing between a lease and an in-substance purchase.

Lastly, EFRAG raises issues related to the **interactions between IFRS 16 and other IFRS accounting standards**, specifically for distinguishing between lease modifications under IFRS 16 and lease liability extinguishments under IFRS 9 *Financial Instruments* and in relation to the interaction with IFRS 15 *Revenue from Contracts with Customers* on sales and leaseback transactions.

SUBMIT YOUR FEEDBACK ON THE DRAFT COMMENT LETTER

EFRAG is seeking constituents' views on matters raised in the RFI, including the overall suitability of the Standard, the issues highlighted above, the usefulness of information resulting from lessees' application of judgment in areas such as the determination of the lease term and the discount rate, as well as ongoing costs and transition methods. **Deadline: 30 September 2025.**