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Auditoría de Cuentas

Mr. Wolf Klinz
President of the EFRAG Financial Reporting Board
European Financial Reporting Advisory Group
35 Square de Meeûs
Brussels B-1000
Belgium
Ref: Request for Information – *Post-implementation Review IFRS 16 Leases*

Madrid, 29th September 2025

Dear Wolf,

In this letter, ICAC sets out its views on EFRAG's position as presented in your draft comment letter in response to the IASB's request for information on the Post-implementation Review of IFRS 16 Leases.

First, ICAC welcomes the IASB's initiative to review the implementation of IFRS 16. This standard has significantly changed the accounting for lease transactions by lessees.

From a user perspective, IFRS 16 has enhanced the transparency and comparability of financial information related to leases. The off-balance-sheet calculations that users previously performed under IAS 17 appear to have been reduced, at least in part. Nevertheless, users note diversity in practice where the standard requires significant judgment—particularly in determining the lease term and discount rate. In addition, the treatment of non-index-linked variable payments remains a matter of debate.

From a preparer perspective, applying the standard has involved substantial implementation costs, and ongoing costs remain high, especially in relation to system development and the collection and maintenance of data. However, the benefits reported by preparers are limited, mainly relating to stronger internal controls and improved knowledge of the lease portfolio.

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Overall, ICAC supports the responses provided by EFRAG in its draft comment letter. While IFRS 16 is generally operating well and has improved lease-related financial reporting, certain implementation issues need to be addressed by the IASB. ICAC agrees with the issues EFRAG has identified as priorities.

In particular, ICAC believes that further guidance is needed on determining the lease term, the discount rate, and variable payments, as well as enhanced disclosures on these matters. For example, disclosures of average lease terms and average discount rates would be useful.

Finally, with respect to the questions addressed to constituents:

- a) Of the issues listed in Appendix 2, ICAC considers that two merit further attention from the IASB:
 - The separation of lease and non-lease components. Contracts combining a lease and a service are common, increasingly prevalent, and create opportunities for structuring.
 - The exemption for low-value assets. It is questionable whether the current threshold is consistent with the materiality assessment required by IAS 1. Moreover, this exemption does not exist under US GAAP. ICAC also notes that this exemption has been widely applied in Spain.
- b) ICAC considers that the IASB should prioritise the issues highlighted in paragraphs 32 to 45 of EFRAG's comment letter, as doing so would enhance the usefulness of the information available to users.
- c) ICAC agrees with EFRAG's view that certain aspects of the standard give rise to higher ongoing costs than initially anticipated. Improvements that could mitigate these costs include clarifying the requirements on variable payments, simplifying the accounting for lease modifications, and providing additional guidance on determining the discount rate and lease term.





- d) ICAC has no comments on the other topics described in Appendix 2, considers them to be accurately set out, and agrees with the possible solutions suggested.

Please do not hesitate to contact us should you wish to discuss or clarify any aspect of this letter.

Yours sincerely,

Santiago Durán Domínguez
Chairman of ICAC

