
Buenos Aires, Argentina, January 28, 2022

**IFRS Foundation
Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom**

REF: IFRS IC Tentative Agenda Decisions reached in the November 30 and December 1, 2021 meetings

Dear Board Members,

The “Group of Latin American Standards Setters”¹ (GLASS) appreciates the opportunity to comment on the Tentative Agenda Decisions (TAD) reached by the IFRS IC during its meetings on November 30 and December 1, 2021, which included the following topic:

- **Principal versus Agent: Software Reseller (IFRS 15)**

This response summarizes the points of view of the members of the different countries that comprise GLASS, pursuant to the following due process.

Due process

The discussions regarding the TAD of IFRS IC were held within a specified Permanent Technical Commission (PTC) created in December 2020. All GLASS country-members had the opportunity to appoint at least one member to participate in this PTC. Each standard setter represented in GLASS has undertaken different tasks in their respective countries (e.g., surveys, internal working groups). All results were summarized, and this summary was the platform for GLASS discussion process.

GLASS discussed the different points of view included in the summary through emails exchanged among its members. In those emails GLASS developed a final document on the basis of the consensual responses and the technical points of view of its members. Finally, the GLASS document was submitted to and approved by the GLASS Board.

Comments:

GLASS agrees that, in the situation described, the essential aspect to analyze in relationship to the definition of whether an entity is a principal or an agent, is the determination of whether the entity controls the specified good or service before that good or service is transferred to a customer.

An entity that is an agent does not control the specified good or service provided by another party before that good or service is transferred to the customer (paragraph B36); on the other hand, an entity that is a principal does (paragraph B35).

Therefore, the evaluation will depend on the particular characteristics of each contract, especially when there are clauses that deviate from the typical conditions of the principal-agent relationship and the evaluation must be made by applying the judgment of the entity issuer of the financial information, weighing the significance of the clauses on this central aspect of control prior to the transference of the asset or service to the client.

It also agrees that it is not necessary for the topic to be included as an agenda item for the IASB and that it is appropriate to specify through the Agenda Decision (AD) procedure an answer on the reasoning to be used, and therefore the description of the proper application of the accounting treatment that should be given to the subject.

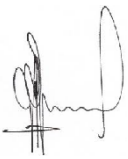
¹ The overall objective of the Group of Latin American Accounting Standard Setters (GLASS) is to present technical contributions with respect to all Exposure Drafts, Requests for Information and Discussion Papers issued by the IASB and Tentative Agenda Decisions issued by the IFRS IC. Therefore, GLASS aims to have a single regional voice before the IASB. GLASS is constituted by: Argentina (Chairman), Bolivia, Brazil (Vice Chairman), Chile (Board), Colombia (Board), Costa Rica (Board), Dominican Republic, Ecuador, Guatemala, Honduras, Mexico (Board), Panama, Paraguay, Peru (Board), Uruguay (Board) and Venezuela (Board).

It is also agreed that IFRS provide the appropriate basis for an entity to determine when an entity is acting as agent or principal in a particular transaction with a customer.

Contact

If you have any questions about our comments, please contact glenif@glenif.org .

Sincerely yours,



Jorge José Gil
Chairman
Group of Latin American Accounting Standard Setters (GLASS)