
Buenos Aires, Argentina, September 7, 2026

IFRS Foundation
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REF: IFRIC Tentative Agenda Decisions reached in the June 16 and 17, 2026 meetings

Dear Committee Members,

The “Group of Latin American Accounting Standard Setters”¹ (GLASS) appreciates the opportunity to comment on the following Tentative Agenda Decision (TAD) reached by the International Financial Reporting Standards Interpretations Committee (IFRIC) during its meeting on June 16 and 17, 2026, which included the following topic:

- **Classification of Income and Expenses when an Entity Has a Main Business Activity of Providing Financing to Customers (IFRS 18)**

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 IFRIC 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.

Fact pattern:

The request received by IFRIC concerns how an entity whose main activity is providing customer finance classifies income and expenses from liabilities arising from transactions that involve only the raising of finance.

The request raises the following questions:

1. whether, in preparing consolidated financial statements, the accounting policy choice in paragraph 65(a)(ii) of IFRS 18 applies to the entity as a whole or only to subsidiaries within the entity’s group that have a main business activity of providing financing to customers;
2. whether the requirement in paragraph 66 of IFRS 18 applies to income and expenses from all specified liabilities even if the entity can distinguish some, but not all, specified liabilities that relate to providing financing to customers from those that do not; and
3. whether, applying paragraph 57 of IFRS 18, an entity that classifies income and expenses from cash and cash equivalents in the operating category because it cannot distinguish cash and cash equivalents that relate to providing financing to customers from those that do not, is required to apply the same classification

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 IFRIC. Therefore, GLASS aims to have a single regional voice before the IASB. GLASS is constituted by: Argentina (Chairman), Bolivia, Brazil (Board), Chile, Colombia (Board), Costa Rica (Board), Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico (Board), Panama, Paraguay, Peru (Board), Uruguay (Board) and Venezuela (Vice Chairman).

to income and expenses from specified liabilities, even if it can distinguish those that relate to providing financing to customers from those that do not.

IFRIC Analysis and Conclusions

IFRIC noted in its analysis that:

Question 1: Paragraph 65 of IFRS 18 applies to an entity that provides customer finance as its main business activity, requiring the assessment of the reporting entity as a whole.

When a reporting entity is a consolidated group and concludes that it provides customer finance as its main activity, the requirements in paragraph 65(a)(ii) of IFRS 18 apply to the consolidated group as a whole.

Consequently, the accounting policy choice in paragraph 65(a)(ii) applies to all specified liabilities of the consolidated group that do not relate to customer finance, and not only to those specific liabilities of the consolidated group's subsidiaries that have a main business activity of providing customer finance.

Question 2: If an entity cannot distinguish specific liabilities related to customer financing from those that are not, paragraph 66 of IFRS 18 requires the entity to classify the income and expenses of all specific liabilities in the operating category of the statement of profit or loss.

Question 3: Paragraphs 56(b)(ii) and 65(a)(ii) require that the accounting policy chosen by an entity for classifying income and expenses from cash and cash equivalents and specific liabilities be consistent with each other.

If, pursuant to paragraph 57, an entity classifies income and expenses from cash and cash equivalents in the operating category, the entity is required to apply the same classification to income and expenses from specific liabilities, regardless of whether it can distinguish between specific liabilities related to customer financing and those that are not.

GLASS Opinion

Regarding what was stated in the TAD, GLASS considers the following:

In response to question 1:

Add paragraph B37 as a basis, which indicates that the evaluation of the main activity must be carried out by the reporting entity. In this way, if it is a group, it will be at a consolidated level and may be different from the evaluation carried out on an individual subsidiary. In this regard, it is suggested to add to the standard that, if applicable, any change in the classification in relation to the individual financial statements within the consolidated financial statements must be treated as an adjustment in the consolidation process of the financial statements.

Additionally, it is suggested to make reference to the consolidated financial statements instead of to the consolidated group, since it could be interpreted that all the entities in the group must make the same classifications in their individual financial statements.

Regarding question 2:

We agree with what was commented in the DTA.

In response to question 3:

It is suggested to delve into the reasons why an entity, even when it can identify some liabilities, for consistency with the cash and equivalents policy, should not do so. Additionally, consider in the response the case in which the cash policy when providing financing to customers was to separate the income and expenses of cash and cash equivalents between operations and investments, whether the entity, to maintain consistency, must also separate the income and expenses corresponding to liabilities, all liabilities, or only those that can be identified.

Due to the above, it seems to us that when reading the IFRS some doubts do arise in this regard, which is why we estimate that they could give rise to clarifications to IFRS 18 for a better application of it, in which case the Agenda Decision would not be appropriate.

Contact

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

Sincerely yours,



Hernán Pablo Casinelli

Chairman

Group of Latin American Accounting Standard Setters (GLASS)