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ALL CORRESPONDENCE SHOULD BE ADDRESSED TO:—  
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G.P.O. BOX 132, HONG KONG.

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來函請敘明本局檔案號碼  
IN ANY COMMUNICATION PLEASE QUOTE OUR FILE NO.

檔案號碼：HQ502/141 Pt. 30  
File No.:

Mr Chris Joy  
Executive Director, Standard and Regulation  
Hong Kong Institute of  
Certified Public Accountants  
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發出日期：8 May 2020  
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Dear Mr Joy,

**IASB Exposure Draft  
ED/2020/1 Interest Rate Benchmark Reform – Phase 2  
(Proposed Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)**

Thank you for your letter dated 16 April 2020 inviting our comments on the exposure draft ED/2020/1 (“the Exposure Draft”) issued by the International Accounting Standards Board (“IASB”) in respect of the proposed amendments to IFRS 9 *Financial Instruments*; IAS 39 *Financial Instruments: Recognition and Measurement*; IFRS 7 *Financial Instruments: Disclosures*; IFRS 4 *Insurance Contracts*; and IFRS 16 *Leases* in light of the reform of interest rate benchmarks (“the reform”).

This is Phase 2 of the IASB’s project on the reform. In the Exposure Draft, the IASB addresses issues affecting financial statements when changes are made to contractual cash flows and hedging relationships as a result of the reform and proposes amendments to specific requirements in IFRS Standards relating to modifications of financial assets and financial liabilities and lease liabilities; hedge accounting; and disclosures. The proposed amendments provide a practical expedient for modifications required by the reform; specific relief from discontinuing hedging relationships; an amendment for separately identifiable risk components; and additional disclosure requirements.

We broadly support IASB’s proposal to address those replacement issues arising from the reform by providing practical expedient and relief from specific accounting requirements and on the other hand, adding disclosure requirements. The proposed amendments can help companies in providing useful information to investors about the effects of the reform. Insofar as tax administration is concerned, we have no comment on the proposed amendments in the Exposure Draft. We are grateful for the opportunity to provide our comments on the Exposure Draft.

Yours sincerely,

(Ms WONG Pui-ki)

for Commissioner of Inland Revenue