



March 19, 2015

Mr. Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Mr. Hoogervorst,

Comment Letter on ED/2014/05 Classification and Measurement of Share-based Payment Transactions (Proposed amendments to IFRS 2)

The Federation of Accounting Professions of Thailand would like to show our appreciation on the opportunity to comment on *ED/2014/05 Classification and Measurement of Share-based Payment Transactions (Proposed amendments to IFRS 2)*. Overall, we agree with the clarifications and specifications in this exposure draft, such as the vesting and non-vesting conditions of the measurement of a cash-settled share-based payment, classification of tax withholding obligation of the share-based payment and the accounting for the modifications of the cash-settled share-based payment and prospective application of these amendments with permission to retroactive application.

Please find our responses to the specific questions raised in ED/2014/05 Classification and Measurement of Share-based Payment Transactions (Proposed amendments to IFRS 2) in an attachment. We believe that this proposed amendment will clarify the issues that may arise in the future and that our comment letter will contribute positively to the IASB's due process. Should you need more information, please kindly contact the Federation of Accounting Professions of Thailand.

The Federation of Accounting Professions avails itself of this opportunity to the International Accounting Standards Board the assurances of its highest consideration.

Yours sincerely,

Associate Professor Dr. Vorasak Tummanond
Chair of Thai Accounting Standards Board
Federation of Accounting Professions of Thailand
Bangkok, Thailand

Copied to:

- 1) Chairman, Accounting Standard-Setting Committee of Thailand
- 2) Chairman, Subcommittee on Studying and Monitoring of International Financial Reporting Standards
- 3) President, Federation of Accounting Professions of Thailand

Question 1

The IASB proposes to clarify that accounting for the effects of vesting and non-vesting conditions on the measurement of a cash-settled share-based payment should follow the approach used for measuring equity-settled share-based payments in paragraphs 19–21A of IFRS 2.

Do you agree? Why or why not?

FAP: We agree with the proposed clarification because it specifically addresses the impact of vesting and non-vesting conditions on the measurement of the fair value of the liability incurred in a cash-settled transaction.

Nevertheless, we would be very appreciate if IASB would provide more examples for cases when there are combinations of cash-settled and equity settled features.

Question 2

The IASB proposes to specify that a share-based payment transaction in which the entity settles the share-based payment arrangement net by withholding a specified portion of the equity instruments to meet the statutory tax withholding obligation should be classified as equity-settled in its entirety. This is required if the entire share-based payment transaction would otherwise have been classified as an equity-settled share-based payment transaction if it had not included the net settlement feature.

Do you agree? Why or why not?

FAP: We agree because the tax obligation associated with share-based payments which the entities have to transfer the amount, normally in cash, to the taxation authorities, may be seen as an liability element of cash-settled share-based payment and cause confusion and burden for the entities to consider whether they have to separate and remeasure the fair value of the liability element at the end of each reporting period or not. The proposed specification will eliminate this burden and confusion.

Question 3

The IASB proposes to specify the accounting for modifications to the terms and conditions of a cash-settled share-based payment transaction that results in a change in its classification from cash-settled to equity-settled. The IASB proposes that these transactions should be accounted for in the following manner:

- (a) the share-based payment transaction is measured by reference to the modification-date fair value of the equity instruments granted as a result of the modification;
- (b) the liability recognised in respect of the original cash-settled share-based payment is derecognised upon the modification, and the equity-settled share-based payment is recognised to the extent that the services have been rendered up to the modification date; and
- (c) the difference between the carrying amount of the liability as at the modification date and the amount recognised in equity at the same date is recorded in profit or loss immediately.

Do you agree? Why or why not?

FAP: We agree with the proposed specification because on the modification date, the original cash-settled share-based payment is considered to be settled and replaced by the equity instruments so new share-based payment transaction should be measured by reference to the modification-date fair value of the equity instruments granted as a result of the modification. In addition, the liability of the original cash-settled share-based payment should be remeasured at the settlement amount, which is the amount of the increase in equity. On the modification date, the entity is no longer obliged to transfer cash or other assets to the counterparty hence the liability should be derecognized and any differences between the fair value of the liability and equity instruments promised should be recognized in profit or loss.

Question 4

The IASB proposes prospective application of these amendments, but also proposes to permit the entity to apply the amendments retrospectively if it has the information needed to do so and this information is available without the use of hindsight.

Do you agree? Why or why not?

FAP: We agree with the proposed prospective application with the permission to apply the amendments retrospectively because retrospective application may cause burden for certain entities and it would be preferable for an entity to apply the same transition method for all the amendments in this Exposure Draft and that this would give better information for users.

Question 5

Do you have any other comments on the proposals?

FAP: None
