

Date: 1st October 2022

Application of IFRS for SMEs[®] Accounting Standard in AOSSG 28-member jurisdictions¹

Jurisdiction	SMEs				
	IFRS for SMEs Accounting Standard under consideration	IFRS for SMEs Accounting Standard with modifications	IFRS for SMEs Accounting Standard permitted	SMEs not required to use full IFRS Accounting Standards are required to use IFRS for SMEs Accounting Standard	IFRS for SMEs Accounting Standard not used
Australia*					X Note2
Bangladesh@	X				X
Brunei					X Note3
Cambodia@			X Note4		
China*					X Note5
Dubai International Financial Centre			X Note6		
Hong Kong			X Note7		
India*					X Note8
Indonesia@		X Note9			
Iraq					X Note10
Japan*					X Note11
Kazakhstan			X Note12		
Korea					X Note13
Macao					X Note14
Malaysia*@		X Note15			
Maldives				X	
Mongolia	X Note16				X
Nepal@			X Note17		
New Zealand					X Note18
Pakistan*@				X Note19	
Philippines			X Note20		
Saudi Arabia				X Note21	
Singapore*			X Note22		
Sri Lanka@			X Note23		
Syria@					X Note24
Thailand					X Note25
Uzbekistan					X Note26
Vietnam					X Note27
Total	2	2	8	3	15

@ Members of AOSSG IFRS for SMEs Working Group

* An individual from the jurisdiction is a member of IASB SME Implementation Group

Note:

- 1 This Table was updated on 1 October 2022 based on email confirmation from AOSSG member jurisdictions and was tabled at the AOSSG 14th Annual Meeting on 15 November 2022 (see Agenda Paper 7B). The Table was first prepared based on: (1) information provided by AOSSG IFRS for SMEs Working Group members in July 2017; and (2) the jurisdictional profiles (*'Use of IFRS Accounting Standards by Jurisdiction'*) available at IASB webpage as updated on 30 March 2017.
- 2 The AASB recently re-evaluated the suitability of the *IFRS for SMEs* Accounting Standard for the Tier 2 GPFS framework in Australia and confirmed that the full *IFRS for SMEs* Accounting Standard continues not to be a preferred option for Tier 2 entities in Australia. However, the AASB has used the disclosure requirements from the *IFRS for SMEs* Accounting Standard as a basis for developing a new, separate disclosure Standard for entities that are required to comply with Australian Accounting Standards but do not have public accountability (Tier 2 entities). This Standard is AASB 1060 General Purpose Financial Statements – Simplified Disclosure Requirements for For-Profit and Not-for-Profit Tier 2 Entities (March 2020). Tier 2 entities must comply with all recognition and measurement requirements in the Australian Accounting Standards but have simplified disclosure requirements (if they elect to comply with Tier 2 requirements rather than Tier 1). The AASB is monitoring the IASB's Subsidiaries without public accountability project and may consider adopting any resulting IFRS Accounting Standard in due course. Also, the AASB is currently revisiting the financial reporting framework for smaller not-for-profit private sector entities (a new tier, Tier 3) and the *IFRS for SMEs* Accounting Standard has not been used as the basis for forthcoming proposals for more simplified disclosure requirements.
- 3 Non-public accountable entities in Brunei Darussalam which include SMEs are required to adopt Brunei Darussalam Accounting Standards (BDAS) issued by BDASC effective 1st January 2018.
- 4 *IFRS for SMEs* Accounting Standard is adopted word-for-word as Cambodian International Financial Reporting Standards for Small and Medium Enterprises (CIFRS for SMEs). CIFRS for SMEs was effective from 1 January 2010, with early adoption permitted from 2009. CIFRS for SMEs is permitted for non-publicly accountable entities such as, specialised banks, microfinance institutions, leasing companies, trading companies, and rural credit institutions that are not taking deposit.
- 5 China used the *IFRS for SMEs* Accounting Standard as an important reference when developing the Chinese Accounting Standard for Small Entities.
- 6 Regulated entities in Prudential Category 3B, Category 3C or Category 4, which does not hold or control Client Assets or Insurance Monies; and are not authorised under its license to carry on the Financial Service of Operating an Alternative Trading System are permitted to use *IFRS for SMEs* Accounting Standard.
- 7 An SME (as defined in the *IFRS for SMEs* Accounting Standard) may choose to report under (a) HKFRS (which is the equivalent of the IFRS Accounting Standards), (b) IFRS Accounting Standards as issued by the IASB Board (if the SME is incorporated outside Hong Kong), (c) the HKFRS for Private Entities, which is the equivalent of the *IFRS for SMEs* Accounting Standard, or (d) the Hong Kong Small and Medium-sized Entity Financial Reporting Framework and Financial Reporting Standard (SME-FRF & SME-FRS) if it satisfies the criteria set out in the Hong Kong Companies Ordinance.
- 8 SMEs use national standards.
- 9 Non-Public Accountable Entities (NPAEs) shall comply with the Indonesian Financial Accounting Standard for NPAEs (SAK ETAP). In 2009, SAK ETAP is developed using the Exposure Draft (ED) *IFRS for SMEs* Accounting Standard as one point of reference. DSAK IAI has issued Indonesian Financial Accounting Standards for Private Entities (SAK Entitas Privat (EP)) which is developed based on *IFRS for SMEs* Accounting Standard. SAK EP is effective 1 January 2025 (earlier application is permitted) and will supersede SAK ETAP.
- 10 SMEs use National Accounting Standards.
- 11 Nevertheless, *IFRS for SMEs* Accounting Standard has been translated into Japanese.

- 12 Medium-sized business enterprises and state enterprises are required to use either full IFRS Accounting Standards or the *IFRS for SMEs* Accounting Standard. Small enterprises must choose between full IFRS Accounting Standards, the *IFRS for SMEs* Accounting Standard, and a national standard.
- 13 Unlisted companies that are subject to external audit are required to use Korean GAAP (which is Accounting Standards for Non-Public Entities) unless they choose to use full IFRS Accounting Standards. Also, unlisted companies other than those subject to external audit are required to use Korean GAAP for SME (which is Accounting Standards for SME) unless they choose to use full IFRS Accounting Standards or Korean GAAP (which is Accounting Standards for Non-Public Entities).
- 14 There is already a set of accounting standards for micro and mini businesses in Macao. The Professional Committee of Accountant deems it is not appropriate to have too many tiers of accounting standards in Macao.
- 15 Private entities shall comply with either the Malaysian Private Entities Reporting Standard (MPERS) in its entirety; or Malaysian Financial Reporting Standards (MFRS) in their entirety.

MPERS is substantively equivalent to the *IFRS for SMEs* Accounting Standard issued by the IASB except for the requirements for property development activities plus some terminology changes. On property development activities, specific guidance has been included in Section 34 Specialised Activities and consequently, Example 12 on Agreements for the Construction of Real Estate contained in the Appendix to Section 23 Revenue has been removed; and on terminology, all references to 'SMEs' and 'public accountability' in Sections 1-35 have been replaced by the term 'private entities'.

MFRSs are identical to IFRS Accounting Standards. Financial statements that assert compliance with MFRSs are also required to assert compliance with IFRS Accounting Standards.

- 16 The Ministry of Finance is working on amendments to Accounting Law that will include classification of entities. The Ministry of Finance states that once the classification is established, they will legislate the adoption of the *IFRS for SMEs* Accounting Standard.
- 17 SMEs may choose (a) IFRS Accounting Standards adopted as Nepal Financial Reporting Standards or (b) the existing Nepal Accounting Standards with certain exemptions and simplifications for SMEs. The existing Nepal Accounting Standards will continue to be available to such entities until July 16, 2023. The NFRSs for SMEs has been developed and approved by ASB Nepal and its implementation has been pronounced by Institute of Chartered Accountants of Nepal making it effective from July 17, 2023. However, ASB Nepal has already initiated detailed review of NFRS for SME which are under voluntary application now, based on the international practices and preparers/ users' feedback.
- 18 Non-publicly accountable entities or non-large for-profit public sector entities that are required by law to prepare general purpose financial statements may use the Reduced Disclosure Regime (RDR) issued by the XRB, rather than applying full IFRS equivalent accounting standards. RDR applies the same recognition and measurement requirements as in IFRS Accounting Standards, but with reduced disclosures based in part on the disclosures used in *IFRS for SMEs* Accounting Standard. Most small and medium-sized for-profit entities do not have a statutory requirement to prepare financial statements in accordance with GAAP in New Zealand.
- 19 *IFRS for SMEs* Accounting Standard issued by the IASB has been adopted under the Companies Act. All medium-sized companies (MSCs) that are not publicly accountable and meet specified criteria (criteria for determining the size of a company is provided in the Companies Act, 2017) are required to use the *IFRS for SMEs* Accounting Standard. The MSCs can also elect to apply IFRS Accounting Standards.

Under the Companies Act, small-sized entities (based on the specified criteria) are required to follow Revised Accounting and Financial Reporting Standard for Small-sized Entities (this standard has been developed by ICAP and notified by the Securities and Exchange Commission of Pakistan under the Companies Act). However, small-sized entities can also elect to use IFRS Accounting Standards or *IFRS for SMEs* Accounting Standard.

- 20 As defined and set out in the Philippine Revised Regulation Code Rule 68, All SMEs that meet specified criteria must use the PFRS for SMEs unless they fall under the exemption and elect to use full PFRS. Other entities can fall under “Small entities” or “Micro entities”. Small entities shall use as their financial reporting framework the PFRS for Small Entities while Micro entities that meet specified criteria shall have the option to use as their financial reporting framework either the income tax basis or PFRS for Small Entities.
- 21 SOCPA has endorsed the *IFRS for SMEs Accounting Standard* to be effective in 2018 for use by all non-publicly accountable entities. Entities would be permitted to elect early adoption in 2017. SOCPA has added some disclosures to the *IFRS for SMEs Accounting Standard* but not otherwise modifying the *IFRS for SMEs Accounting Standard*.
- 22 An entity is eligible to use the SFRS for Small Entities if it is not publicly accountable, publishes general purpose financial statements for external users, and meets the definition of a 'small entity'. They may use full SFRS or, if they receive permission from ACRA, they may use full IFRS Accounting Standards. The only differences between the Singapore version of the IFRS for SMEs (known as the SFRS for Small Entities) and the *IFRS for SMEs Accounting Standard* are not all Singapore companies that meet the IASB's definition of SMEs are eligible to use the SFRS for Small Entities; and the Accompanying Note to the Singapore equivalent of IFRIC 15 is an integral part of the SFRS for Small Entities. This guidance is intended to be consistent with the requirements of IFRIC 15.
- 23 All entities that are covered under section 1.2 of SLFRS for SMEs excluding Specified Business Enterprises (SBEs) in Sri Lanka [except SBEs above defined size thresholds] are permitted to apply SLFRS for SMEs which is in line with the *IFRS for SMEs Accounting Standard*.
- 24 SMEs are not generally required to prepare general purpose financial statements. Those that do may use full IFRS Accounting Standards.
- 25 Non-Public Accountable Entities (NPAEs) shall comply with Thai Financial Reporting Standard for NPAEs (TFRS for NPAEs) which is modified from IFRS version 2009 and *IFRS for SMEs Accounting Standard* with simplification for NPAEs in Thailand context. Thailand does still not adopt *IFRS for SMEs Accounting Standard*.
- 26 The Ministry of Finance has prepared a draft version of National Financial Reporting Standard (NFRS) that is based on the *IFRS for SMEs Accounting Standard*. NFRS will replace the National Accounting Standards. The Ministry of Finance is planning to use NFRS starting from 1 January 2024.
- 27 Vietnam has an accounting interpretation for SME and Micro Small Enterprises, not to apply IFRS for SME.