

Meeting: International Public Sector Accounting
Standards Board

Meeting Date: September 15–17, 2026

Agenda Item 11

IPSASB APPLICATION GROUP

Project summary	The objective of the IPSASB Application Group (IAG) is to: - Assist in ensuring consistent application of IPSAS Standards by considering application questions submitted by stakeholders on areas where there could be a lack of clarity in existing standards; and - Assist the IPSASB in identifying areas where changes to existing guidance, or additional guidance, may be required to promote clarity and better understanding of the IPSAS Standards.	
Meeting objective	To get the IPSASB's feedback on the IAG's recommendations regarding the queries submitted by constituents.	
Project staff lead	Edwin Ng, Principal	
Group members	- Andrew van der Burgh, IPSASB Member (IAG Chair) - Liang Yang, Partner, Deloitte China - Mohamed Saadique Merchant, Chief Financial Specialist, Department of Finance – Dubai Government	
	Topic	Agenda Item
Essential Documents (Required Reading)	Reporting: IPSASB Application Group	11.A.1
	Issue Q3 2026-1: Accounting for Non-Contractual Transfer Receivables from a Consolidated Fund	11.A.2
	Issue Q3 2026-2: Tax Revenues and the Application of IPSAS 41 by Analogy to Non-Contractual Receivables	11.A.3
	Issue Q3 2026-3: Time Value of Money in Measuring Tax Revenue and Receivables	11.A.4
Supporting Documents (Encouraged Reading: Posted Separately on Meeting Page)	Supporting Document 1: Summary of Queries Not Analyzed in Detail by the IPSASB Application Group	11.B.1
	Supporting Document 2: Summary of IFRIC Activities Not Analyzed in Detail by the IPSASB Application Group	11.B.2
Background Information (Available on the project webpage)	The analyses completed by the IAG, as well as the IAG's Operating Procedures, can be found on the group's Issue Submission Website .	

Prepared by: Edwin Ng (August 2026)

Reporting: IPSASB Application Group

Decision Required

1. The IPSASB is required to decide whether they agree with the IPSASB Application Group's (IAG) recommendations for the queries received in the third quarter of 2026.

Context

2. This paper summarized the IAG's discussion of queries received in the third quarter of 2026 and the resulting recommendations for the IPSASB's consideration.

Analysis

Summary of Queries Received in Q3 2026

	Q3 2026	Q2 2026
Queries carried forward from previous quarter	1	-
Queries received	4	7
Analyzed by the IAG (See paragraph 3)	3	6
Analyzed by IPSASB Staff Does not meet criteria for IAG analysis (See paragraph 4)	1	-
Submissions to be analyzed (See paragraph 5)	1	1

3. The queries analyzed by the IAG during the third quarter of 2026 and the resulting recommendations are summarized in the following agenda papers:
 - (a) Issue Q3 2026-1: Accounting for Non-Contractual Transfer Receivables from a Consolidated Fund. See [Agenda Item 11.A.2](#);
 - (b) Issue Q3 2026-2: Tax Revenues and the Application of IPSAS 41 by Analogy to Non-Contractual Receivables. See [Agenda Item 11.A.3](#); and
 - (c) Issue Q3 2026-3: Time Value of Money in Measuring Tax Revenue and Receivables. See [Agenda Item 11.A.4](#).
4. Staff also received a query on the separation of land and assets other than buildings located on the land under IPSAS 17, *Property, Plant and Equipment*, and noted that the issue is already addressed by the guidance in both IPSAS 17 and the revised standard IPSAS 45, *Property, Plant, and Equipment*. As a result, staff confirmed with the IAG that a detailed analysis by the group is not required and responded to the constituent. See [Agenda Item 11.B.1](#).
5. In addition, staff received a query on the accounting for service concession liabilities and other guarantees and provisions under IPSAS 32, *Service Concession Arrangements: Grantor*. Staff and the IAG determined that more information is required to analyze the issue, so the query will be revisited in Q4 2026.

Agenda Item 11.A.1

IPSASB Meeting (September 2026)

Summary of IFRIC Activities (Final Agenda Decisions or Issued Interpretations)

	Q3 2026	Q2 2026
IFRIC activities carried forward from the previous quarter	-	-
IFRIC activities	1	6
Analyzed by the IAG (None in the current quarter)	-	-
Analyzed by IPSASB Staff Does not meet criteria for IAG analysis (See paragraph 6)	1	5
IFRIC activities to be analyzed	-	1

6. The IFRS Interpretations Committee issued six final agenda decisions in April 2026. Five of those decisions were addressed at the June 2026 IPSASB meeting, and the remaining agenda decision relates to the Economic Benefits from Use of a Battery under an Offtake Arrangement (IFRS 16). The IFRIC concluded that the principles and requirements in IFRS 16 provided adequate guidance to assess the issue in the submitted question and therefore decided not to add a standard-setting project to its work plan.
7. Staff analyzed the IFRIC agenda decision regarding IFRS 16 and confirmed with the IAG that a detailed analysis by the group is not required. See [Agenda Item 11.B.2](#).

Recommendation

8. The IAG recommends not undertaking a standard-setting project regarding:
 - (a) The accounting for non-contractual receivables from a consolidated fund;
 - (b) Tax revenues and the application of IPSAS 41 by analogy to non-contractual receivables; and
 - (c) The time value of money in measuring tax revenue and receivables.
9. However, for all three issues, the IAG recommends the development of implementation support materials on these topics.

Issue Q3 2026-1: Accounting for Non-Contractual Transfer Receivables from a Consolidated Fund

Description

Summary of the Submission

1. In the fact pattern provided, the Ministry of Finance (the Ministry) in a jurisdiction controls the government treasury (the Treasury) and a separate public sector entity (Entity A). While there is no formal contract between the Treasury and Entity A, both entities conduct their operations in accordance with an operating manual approved by the Ministry of Finance. The operating manual states that as Entity A incurs expenditures, the Treasury is required to provide Entity A with funds to settle the resulting payables.
2. The operating manual is not a contract, as it is not an agreement between the Treasury and Entity A that can be legally enforced by either party. However, both the Treasury and Entity A acknowledge that the operating manual is a ministerial directive that acts as a binding arrangement, as it requires the Treasury to fund Entity A's expenditures and is enforceable by the Ministry. As a result, when Entity A records an expenditure (which could include incurring an expense or purchasing an asset) and a payable, it also records an account receivable and transfer revenue from the Treasury.
3. The submission asked the following questions from Entity A's perspective:
 - (a) Although the transfers of funds from the Treasury to Entity A are not governed by contracts, the transfers are driven by purchases made under contracts between Entity A and its suppliers and employees. On this basis, would it be appropriate to account for the receivables from the Treasury as financial assets within the scope of IPSAS 28, *Financial Instruments: Presentation*, IPSAS 30, *Financial Instruments: Disclosures*, and IPSAS 41, *Financial Instruments*? (For clarity, the question is not asking about hedge accounting, where a direct relationship between the underlying transaction and a hedging instrument needs to be proven. The question is asking whether it is appropriate for Entity A to "look through" to the external supplier and employee payables as a basis to support accounting for the receivables from the Treasury as financial instruments within the scope of IPSAS 41.)
 - (b) If the receivables are not financial assets and Implementation Guidance F.1 in IPSAS 47, *Revenue* regarding non-contractual receivables is applicable, are presentation and disclosure requirements for financial instruments also applicable?

Summary of the Submitted Preliminary Assessment

(For informational purposes only. Please note the following is a summary of the submitter's analysis of the issue. The IAG was not consulted on this summary, and it does not reflect the views of the IAG or IPSASB Staff.)

4. See paragraph 1 above. As Entity A incurs an expenditure, it also records a transfer receivable and transfer revenue from the Treasury.

Analysis by the IAG

5. The submission requested the IAG to specifically consider whether the receivables from the Treasury can be considered financial instruments. As a result, the IAG did not analyze other aspects of the transaction such as revenue recognition.

Can the Receivables from the Treasury be Considered Financial Assets?

6. Although the Treasury funds Entity A's payments to its suppliers and employees, there is no mechanism in IPSAS 28, IPSAS 30 or IPSAS 41 for Entity A to "look through" the transfer receivables from the Treasury and link them to the external payables, so that the transfer receivables can be treated as financial instruments. Entity A's transfer receivable and its payables to suppliers and employees are accounted for separately for the following reasons:
 - (a) The transfers from the Treasury to Entity A are governed by the operating manual and enforced by the Ministry through non-contractual means; and
 - (b) There are separate contracts between Entity A and its suppliers and employees, and the Treasury is not a party to these contracts.
7. Based on these reasons, there is no basis to link the receivables from the Treasury, which arise from a binding arrangement that is not a contract, to the payables to Entity A's suppliers and employees.
8. The IAG noted that paragraph AG19 of IPSAS 28 explicitly states that assets and liabilities arising out of non-contractual arrangements do not meet the definition of a financial asset or financial liability. As a result, the transfer receivables do not meet the definition of a financial instrument.

If Implementation Guidance F.1 in IPSAS 47 is Applicable, are Presentation and Disclosure Requirements for Financial Instruments also Applicable?

9. Implementation Guidance F.1 in IPSAS 47 states that while non-contractual receivables do not strictly meet the definition of a financial asset, because they are consistent in substance and risk exposure as contractual receivables, an entity should measure such non-contractual receivables by applying the subsequent measurement guidance, including the guidance on impairment, in IPSAS 41 by analogy.¹
10. Typically, if an IPSAS Standard is applied by analogy, all the principles from the standard are applied in their entirety. For non-contractual receivables subsequently measured using IPSAS 41 by analogy, it is not intuitive whether this approach is applicable for presentation and disclosure, as the implementation guidance only refers to IPSAS 41, which does not address presentation and disclosure of financial instruments.
11. The IAG noted that Implementation Guidance F.1 explicitly refers to the application of IPSAS 41 to the subsequent measurement of non-contractual receivables. When IPSAS 47 was developed, the related consultation paper and exposure draft also proposed that IPSAS 41 would only apply to the subsequent measurement of non-contractual receivables.
12. In addition, as noted in paragraph 8 of this paper, IPSAS 28 states that assets and liabilities arising from non-contractual arrangements do not meet the definition of a financial instrument and are therefore out of the scope of the presentation requirements in that standard. Similarly, paragraph 4 of IPSAS 30 explicitly states that the disclosure requirements of the standard are only applicable to receivables from revenue transactions that meet the definition of a financial instrument.

¹ The recognition and initial measurement of revenue and the related receivable, regardless of whether it is a financial instrument or non-contractual receivable, is within the scope of IPSAS 47, *Revenue*.

Agenda Item 11.A.2

13. As a result of Implementation Guidance F.1's explicit reference to subsequent measurement in IPSAS 41 and the specific exclusion of non-contractual receivables in IPSAS 28 and IPSAS 30, the IAG agreed that the application of the presentation and disclosure requirements for financial instruments to non-contractual receivables is not required.
14. The IAG noted that in absence of guidance, the entity should use IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, to develop an accounting policy and consider the requirements in IPSAS 1, *Presentation of Financial Statements*, for the presentation and disclosure of the non-contractual receivables.

IAG Recommendation

15. The IAG noted that the above conclusions are addressed by existing guidance in IPSAS 28, IPSAS 30, IPSAS 41, and IPSAS 47, and as a result, a standard-setting project is not required. However, given the prevalence of questions regarding the interaction between the revenue and financial instruments standards (see [Agenda Items 11.A.3](#) and [11.A.4](#)), the IAG recommend the development of implementation support materials on this topic.

Issue Q3 2026-2: Tax Revenues and the Application of IPSAS 41 by Analogy to Non-Contractual Receivables**Description***Summary of the Submission*

1. A government imposes income taxes and currently accounts for the recognition and measurement of these taxes as follows:
 - (a) Tax revenue is accounted for on an accrual basis, with revenue recognized based on the occurrence of the taxable event (i.e., earning of income), rather than when tax is assessed or cash is received;
 - (b) The revenue is measured using complex estimation and statistical models. This estimation is necessary as it can take up to two years between the occurrence of a taxable event and the taxpayer filing a tax return;
 - (c) In the intervening period, the estimated receivables are continuously reassessed as more information becomes available, until the point when the taxpayer files a tax return; and
 - (d) In effect, the cashflows from tax receivables only “crystallize” at the point the tax return is filed.
2. The submission noted that IPSAS 47, *Revenue*, requires the measurement of tax revenues based on a best estimate of the inflow of resources, subject to a constraint where it is highly probable that a significant reversal will not occur. IPSAS 47 also requires non-contractual receivables (such as tax receivables) to be subsequently measured on the same basis as a financial asset in accordance with IPSAS 41, *Financial Instruments*, by analogy.
3. The submission asked the following questions:
 - (a) Does paragraph 31 of IPSAS 47 require entities to apply IPSAS 41 by analogy in all circumstances, or can an entity use their judgment to evaluate whether a non-contractual receivable is similar in substance and risk to a contractual receivable before applying IPSAS 41 by analogy?
 - (b) How does paragraph 31 and the application of IPSAS 41 by analogy interact with the tax-specific measurement model in paragraphs 45-50, particularly in distinguishing initial measurement, subsequent measurement (changes in estimates), and impairment for credit risk of tax receivables? Which requirements (IPSAS 47 or IPSAS 41) should be done first and how should the other requirements be considered?
 - (c) Does the collection uncertainty constraint in IPSAS 47, paragraphs 49-50, form part of the best estimate measurement model; or require an additional overlay to the subsequent measurement requirements in IPSAS 41? How should entities apply the constraint without introducing unintended double counting of uncertainty or excessive conservatism?
 - (d) How do the requirements in IPSAS 47 distinguish between estimated tax receivables (pre-assessment); and assessed tax receivables (post-assessment) and consider the different measurement approaches across these stages?

Summary of the Submitted Preliminary Assessment

(For informational purposes only. Please note the following is a summary of the submitter's analysis of the issue. The IAG was not consulted on this summary, and it does not reflect the views of the IAG or IPSASB Staff.)

4. The government currently distinguishes between estimated tax amounts prior to formal assessment (where uncertainty relates to entitlement and measurement) and tax receivables after formal assessment (where uncertainty is more akin to credit risk). The submission noted that IPSAS 47 does not reflect this distinction and their interactions in the initial and subsequent tax measurement requirements in paragraphs 30-31 and 45-50 of the standard.

Analysis by the IAG

(Staff noted that the questions relate to the initial recognition and measurement, subsequent measurement guidance in IPSAS 47, and subsequent measurement guidance in IPSAS 41. To assist in the analysis of the issue, the following analysis addresses the issue starting with initial measurement then subsequent measurement. The individual questions are addressed in the section following the analysis.)

Initial Recognition and Measurement

5. The recognition and initial measurement of tax revenue and the related receivable is within the scope of IPSAS 47. Generally, revenue is initially measured at the transaction consideration, which is the amount of resources to which an entity expects to be entitled. Paragraph 119 of IPSAS 47 also states that transaction consideration with variable amounts should only include amounts to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the related uncertainties are resolved.
6. Regarding recognition and initial measurement of tax revenues:
 - (a) Paragraph 36 states that taxes shall be recognized when the taxable event occurs and the asset recognition criteria are met;
 - (b) Paragraph 45 explains that tax revenues and receivables shall be measured at the best estimate of the inflow of resources and is constrained to the extent that it is highly probable that a significant reversal of the amount of revenue recognized will not occur. As explained in paragraphs BC97-BC99 of the basis for conclusions to IPSAS 47, the constraint is meant to assist in the estimation of uncertain future cash flows, and it is not meant as an additional overlay that could result in the double counting of uncertainty or excessive conservatism; and
 - (c) Paragraph 46 states that when there is a separation between the timing of the taxable event and the collection of taxes, the entity may measure the tax receivable by using, for example, statistical models based on historical data and other factors such as complexity and enforcement of tax laws. Paragraphs 49-50 provide additional considerations to factor into the initial measurement of tax receivables.

Subsequent Measurement

7. After recognition and initial measurement, paragraph 31 states that an entity shall subsequently measure a receivable in accordance with IPSAS 41 if it is a financial asset, or on the same basis as a financial asset within the scope of IPSAS 41 by analogy if it is not a financial asset. Implementation Guidance F.1 of IPSAS 47 provides additional non-authoritative guidance on the subsequent measurement of non-contractual receivables, such as the tax receivables in the submission.

8. Implementation Guidance F.1 explains that IPSAS 41 is applicable to the non-contractual receivable as follows:
 - (a) Paragraph 40 of IPSAS 41 is applied to determine whether the non-contractual receivable meets the criteria to be subsequently measured at amortized cost. In the case of non-contractual receivables, the expected cash flows from the receivables are considered in lieu of the contractual cash flows;
 - (b) If the non-contractual receivable meets the criteria to be subsequently measured at amortized cost, the impairment guidance in IPSAS 41 will be applicable. Implementation Guidance F.1 indicates that the entity should consider factors such as the maturity period and expected credit losses to ensure that the receivable reflects its economic substance. In accordance with paragraphs 73-80 of IPSAS 41, a loss allowance is recognized for a receivable's 12-month expected credit losses if the credit risk of the receivable has not increased significantly since recognition. If there has been a significant increase in the credit risk of the receivable, the loss allowance is increased to its lifetime expected credit losses. Paragraph 87 of IPSAS 41 also provides an entity with the policy choice to always measure the loss allowance of certain revenue-related receivable at its lifetime expected credit loss; and
 - (c) If the non-contractual receivable does not meet the criteria to be subsequently measured at amortized cost, the receivable is subsequently measured at fair value.
9. The IAG noted that IPSAS 41 does not prescribe the use of a specific model to measure expected credit losses, but paragraph 90 of IPSAS 41 requires the measurement of expected credit losses to reflect:
 - (a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
 - (b) The time value of money; and
 - (c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.
10. Assets arising from taxation are measured at the best estimate, which is the most likely amount or outcome in a range of possible amounts, of the inflow of resources. The characteristics listed in paragraph 9 above are consistent with the characteristics of a best estimate. Therefore, the best estimate of a receivable derived from the use of a statistical model is not expected to be materially different from a receivable with an expected credit loss allowance.
11. The IAG also noted there is no need for IPSAS 47 to distinguish between pre-assessment and post-assessment tax receivables, as paragraph 47 of IPSAS 47 requires an entity to remeasure the best estimate of assets and revenue based on all available information. This is consistent with the requirements in IPSAS 41 to continuously consider all available information in the subsequent measurement of financial assets through an adjustment to fair value, as a modification, or through impairment considerations.

Response to Questions from the Submission

12. The above analysis addresses the questions from the submission as follows:

Agenda Item 11.A.3

- (a) Yes, all non-contractual receivables are measured using IPSAS 41 after initial recognition. See paragraphs 7-8 above;
- (b) The application of the subsequent measurement requirements in IPSAS 41 is consistent with the measurement model in IPSAS 47. See paragraphs 9-10 above;
- (c) As noted in paragraph 6(b), the constraint is part of the best estimate measurement and is not meant as an additional overlay that could result in the double counting of uncertainty or excessive conservatism; and
- (d) As noted in paragraph 11, IPSAS 47 does not distinguish between pre-assessment and post-assessment tax revenue and receivables. As more information becomes available, including any changes in the level of certainty on the measurement inputs, the revenue and receivables are remeasured to reflect the new information.

IAG Recommendation

- 13. The IAG concluded that the existing guidance in IPSAS 41 and IPSAS 47 is sufficient and clear and therefore do not recommend changes to the standards. However, while the above analysis is based on existing guidance from IPSAS 41 and IPSAS 47, staff and the IAG recognize that the level of clarification in the above discussion may indicate that the development of implementation support materials may be helpful. As a result, the IAG recommends the development of implementation support materials on this issue.

Issue Q3 2026-3: Time Value of Money in Measuring Tax Revenue and Receivables

Description

Summary of the Submission

1. Continuing the question in Issue Q3 2026-2 (see [Agenda Item 11.A.3](#)), the submission noted that the settlement of tax receivables may not occur until up to two years after recognition. In some cases, a taxpayer may incur additional penalties for late payments to reflect the time value of money as outlined in the jurisdiction's tax law.
2. The submission noted that IPSAS 47 does not explicitly address whether the time value of money should be considered in the initial or subsequent measurement of tax revenue and related receivables. This creates uncertainty over the recognition and measurement of tax receivables as well as whether additional revenue from potential penalties can be recognized.
3. The submission asked the following:
 - (a) Does the tax-specific measurement model in paragraphs 45-50 of IPSAS 47 exclude consideration of time value of money or require it to be considered where material?
 - (b) If time value of money is relevant under paragraphs 45-50 of IPSAS 47, under what circumstances, and at what time, should it be applied to tax receivables (e.g., where there are significant delays in collection)?
 - (c) How should materiality be considered in determining whether to apply discounting in line with IPSAS 47, paragraph 124?

Summary of the Submitted Preliminary Assessment

(For informational purposes only. Please note the following is a summary of the submitter's analysis of the issue. The IAG was not consulted on this summary, and it does not reflect the views of the IAG or IPSASB Staff.)

4. None provided.

Analysis by the IAG

Does the tax-specific measurement model in paragraphs 45-50 of IPSAS 47 exclude consideration of time value of money or require it to be considered where material?

5. When IPSAS 47 was developed, the IPSASB did not explicitly include guidance on the time value of money in the authoritative text regarding revenue from transactions without binding arrangements. However, paragraph 46 states that a statistical model used to measure assets arising from such transactions should take into account the timing of the taxable event and the collection of taxes. Paragraph BC107 of IPSAS 47 also noted that non-contractual receivables typically have shorter maturity periods. However, the paragraph also states that the consideration of the time value of money and expected credit losses are necessary to appropriately reflect the economic substance of these receivables. Based on this explanation and the requirements in paragraph 46, the consideration of the time value of money is applicable to tax revenue and receivables.

Agenda Item 11.A.4

If time value of money is relevant under paragraphs 45-50 of IPSAS 47, under what circumstances, and at what time, should it be applied to tax receivables (e.g., where there are significant delays in collection)?

6. The applicability of the time value of money to tax receivables will depend on the specific facts and circumstances such as the initial timing of recognition, the expected timing of collection, prevailing interest rates, as well as numerical and qualitative factors impacting the materiality of the amounts involved.

How should materiality be considered in determining whether to apply discounting in line with IPSAS 47, paragraph 124?

7. Paragraphs 7, and 12A-13A of IPSAS 1 provide general guidance on the application of materiality for all IPSAS Standards. Information is material if omitting, misstating, or obscuring it could reasonably be expected to influence the discharge of accountability by the entity or the decisions of primary users. The determination of whether the impact of discounting is material for tax revenue and receivables will require a preparer to exercise judgment and consider of all relevant facts and circumstances. When an entity considers whether the impact of the time value of money is material for revenue, the entity should also consider whether the impact is material for the related receivable in the context of the requirements of IPSAS 41.

IAG Recommendation

8. The IAG noted that the consideration of time value of money in the accounting for revenue is already addressed by IPSAS 47, so a standard-setting project is not required. However, similar to Issue Q3 2026-1 and Issue Q3 2026-2, the IAG recommends the development of implementation support materials on this topic.