

IASB Proposed Amendment to IAS 19: Accounting for Employee Contributions to a Defined Benefit Plan

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The International Accounting Standards Board (IASB) recently proposed amending IAS 19 to address the proper method of accounting for contributions from employees or third parties to a defined benefit plan when such contributions are required by the defined benefit plan's terms. The amendment is intended to clarify when an employer can recognize such contributions as a reduction in its short-term employee benefits costs instead of a reduction in its post-employment benefits costs. The proposed amendment would permit an employer to recognize the contributions as a reduction in its short-term employee benefits costs in the same period in which the benefits are payable if, and only if, the contributions are linked solely to the employee's services rendered during that period, for example, employee contributions based on a fixed percentage of the employee's salary regardless of the employee's years of service to the employer. Interested parties may submit comments to IASB through July 25, 2013. A copy of the proposed amendment can be found [here](#).