

Office No. MEF-FOCAL-2020-0001

Quito, October 30, 2020

Subject: Submission of annexes 1 and 2 with the comments of FOCAL member countries to the IPSASB Exposure Drafts 70, 71 and 72

Mr.

Ian Carruthers

**CHAIRMAN OF THE INTERNATIONAL PUBLIC SECTOR ACCOUNTING
STANDARDS BOARD IPSASB**

Dear Mr. Carruthers:

In the months of May and June 2020, FOCAL in coordination with Ernst & Young and International Public Sector Accounting Standards Board IPSASB, conducted three videoconferences on Exposure Drafts 70 Revenue with Performance Obligations, 71 Revenue without performance obligations and 72 Transfer Expenses, where it was highlighted that each exposure draft included specific matters for comment on which the IPSASB is looking for country opinions.

Therefore, the Forum of Governmental Accounting of Latin America - FOCAL - is delivering a consolidated document containing responses to comments from 11 countries: Colombia, El Salvador, Ecuador, Brazil, Paraguay, Honduras, Peru, Mexico, Guatemala, Chile and Costa Rica. FOCAL's objective is to strengthen the joint work with the International standard-setting Body and to contribute with the experience of each country for the application of the Public Sector Accounting.

Yours sincerely,



Firmado electrónicamente por:
**MAGDALENA DEL
PILAR VICUNA
CEVALLOS**

Magdalena Vicuña Cevallos
Ecuador's Sub-secretary of Government Accounting
Ministry of Economy and Finance of Ecuador
FOCAL President

Annexes:

- Annex No. 1_Comments to Draft IPSASB Standards_FOCAL consolidated 29-10-2020
- Annex No. 2 Additional comments Standards 70_71_72 IPSASB Mexico

cc. FOCAL Countries

CONSOLIDATED DOCUMENT OF FOCAL MEMBER COUNTRIES

SPECIFIC MATTERS FOR COMMENTS

IPSASB EXPOSURE DRAFTS (ED) 71

<u>IPSASB EXPOSURE DRAFT 71: REVENUE WITHOUT PERFORMANCE OBLIGATIONS</u>	
<p>Specific matter for comment 1:</p> <p>The draft standard proposes that a current obligation is a binding obligation (legally or by equivalent means), where an entity has little or no realistic alternative to avoid and which results in an outflow of resources. IPSASB decided that, to help determine whether a transferee has a current obligation, consideration is given to whether the transferee has an obligation to perform a specific activity or to incur eligible expenses.</p> <p>Do you agree with the IPSASB's proposals that, for the purposes of this Draft Standard, Revenue without a Performance Obligation, a specific activity, and eligible expenses give rise to current obligations? Are there other examples of current obligations that would be useful to include in the Draft Standard?</p>	<p>COLOMBIA</p> <p>Although we consider it pertinent that the draft standard reflects and discusses that any resource derived from a transfer must be directed to a specific activity and in some cases gives rise to present obligations or eligible expenses and therefore the proposed accounting treatment is appropriate, we believe that the proposal fails to elucidate the problem that had already been resolved in IPSAS 23, in which under the principle of substance over form, the emergence of present obligations for the beneficiary of a transfer was subject to a failure to comply with what under that standard were called conditions.</p> <p>Consequently, we consider it pertinent that the criteria for revenue from non-exchange transactions, which are those of the public sector government, should be maintained, given that all resources have a purpose and considering that the central element for recognizing a revenue or a liability in the transfer recipient is the existence of a possibility of reimbursing a resource or not.</p> <p>This is because only the compliance with the obligation by the transfer recipient would give rise to the expense, while only at that moment would the binding arrangement be complied with and, therefore, the transfer provider's outflow of resources; whereas, for the transfer recipient, it constitutes an income (susceptible of increasing his patrimony since there is no place to reimburse the resource).</p> <p>With respect to the example included in the draft standard, it fails to specify the characterization of a specific activity or eligible expense, since every resource received by the government, regardless of its source, generates obligations in terms of purpose or application, but not every resource generates a specific activity, which, if not complied with, results in reimbursement to the transferor. In the case of transfers from the national government to provincial (sub-national) or local governments, these are generally defined in the law or equivalent regulations and do not generate present obligations; however, the example refers to the existence of a binding arrangement that generates present obligations for this type of transfer, on the understanding that this is the exception and not the rule.</p>

	<p>EL SALVADOR</p> <p>Yes, we agree that there are activities that are regulated by this standard that give rise to performance obligations, however, such activities are not necessarily applicable to be recognized and fully disclosed, since, in our case, it is not in accordance with the accounting legislation that regulates the Salvadoran public sector.</p> <p>At present, it could not be determined because the Salvadoran public sector has not had the experience of applying similar standards.</p> <p>ECUADOR</p> <p>The transfers in the country are expenses established in the budget; therefore, they are associated with the beneficiary. As soon as the recognition of the accrual occurs, this process is directly related to the beneficiary. In the case of non-exchange transfers, there is a direct link with the transfer recipient, but not through a binding arrangement, but through the application of the country's current legislation.</p> <p>BRAZIL</p> <p><i>General commentary</i></p> <p>I do not agree with the publication of a new IPSAS based on ED 71. It is suggested to maintain IPSAS 23, updating it to solve application and interface problems with the new standard aligned with IFRS 15 (ED 70). This was even the result of the discussion of the topic in round tables last year in Brazil. (Focal 2019).</p> <p>PARAGUAY</p> <p>We agree with the present obligations, but it is very important to clarify that such obligations are approved in the National General Budget Law, which establishes the use and destination of such funds. In addition, there are other special laws in which it establishes the obligatory nature of transfers, distribution or co-participation of certain taxes, royalty income and others in established percentages. Likewise, the destination of such funds is specifically budgeted but could be adjusted during the year or with certain discretion. However, others are destined for the specific use of school infrastructure improvements, school lunch, current expenses up to a percentage, and capital expenses in other percentages. Therefore, it is essential to talk about budgets and/or special laws on resource transfers.</p> <p>HONDURAS</p> <p>The transfer recipient has an obligation to account for and disclose the receipt, even if they are eligible expenses, however, if the recipient fails to disclose they can avoid the transfer of this expense.</p> <p>PERU</p> <p>We agree, IPSASB decided that, to help determine whether a transfer recipient has a present obligation, consideration is given to whether the transfer recipient has an obligation to perform a specific activity or to incur eligible expenses.</p>
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	<p>We recommend that implied obligations are also included</p> <p>MEXICO</p> <p>The Standard indicates in very general terms in its structure when there is a present obligation and eligible expenses, which will make difficult the understanding for its application.</p> <p>GUATEMALA</p> <p>We do not agree that the definitions in the draft standard are not clear.</p> <p>CHILE</p> <p>Yes, the concepts of "specific activity" and "eligible expenses" are broad enough to cover different types of current obligations. However, one should be more emphatic in that, if the purpose of the transfer is not met, those resources should be returned to the transfer provider (similar to how it is indicated in standard 23); otherwise, it is considered that no obligation exists.</p> <p>COSTA RICA</p> <p>In Costa Rica, the principle of annuality is applied in the budget, through which transfers are assigned that may not be subject to performance obligations.</p> <p>Disbursements depend on the ability to generate cash flow to meet obligations, and sometimes despite a current obligation, it cannot be met.</p> <p>The prioritization of resources according to needs, despite the fact that this is a legal requirement.</p> <p>It is important to clearly elucidate the concept of economic essence over form, since the accounting record must be based on this logic.</p> <p>Similarly, the issue of recognition of expenses on an accrual basis needs to be interpreted more broadly, taking into account the budgetary paradigms.</p> <p>In the Costa Rican public sector, it is difficult to determine whether each transfer made by the central government to other institutions or third parties has the obligation to carry out a specific activity, because the <i>raison d'être</i> of that institution cannot be taken in general and, moreover, this is not explicitly stated in Costa Rica, transfers are made for the fulfillment of the function in general and in some cases they are subsidies or economic aid to a population with certain characteristics.</p>
<p>Specific matter for comment 2:</p> <p>The flow chart following paragraph 31 of this draft standard illustrates the process that a transfer recipient uses to determine whether revenue arises and, if</p>	<p>COLOMBIA</p> <p>In principle, we agree with the presented flowchart.</p> <p>However, we believe that the disclosure and presentation aspects of this standard should be clarified, and we note that the two terms are used interchangeably. Additionally, with respect to the question in step 3, is the</p>

<p>so, the relevant paragraphs to apply for such revenue recognition.</p> <p>Do you agree that the flowchart clearly illustrates the process? If not, what clarification is needed?</p>	<p>entry the result of a contribution from the owners? (Paragraph 7), we find that this does not arise from the position of the transferee recipient, because as it is an increase in the patrimony it is not a revenue nor does it come from a binding arrangement.</p> <p>EL SALVADOR I totally agree. The diagram clearly illustrates the process.</p> <p>ECUADOR Partially in agreement, since the decrease in liabilities and the increase in assets are not clearly identified.</p> <p>BRAZIL See general comment question 1.</p> <p>PARAGUAY In principle, we agree with the presented flowchart, provided that the "binding arrangement" is clarified.</p> <p>HONDURAS No comment is issued.</p> <p>PERU We agree, IPSASB decided that a transfer recipient recognizes revenue without performance obligations, but with present obligations when (or as) the transfer recipient meets the present obligation, we also propose that the Implementation Guidance be illustrated with case studies.</p> <p>MEXICO The diagram is considered very general, despite being for illustrative purposes.</p> <p>GUATEMALA No comment is issued.</p> <p>CHILE Yes, the diagram is quite clear.</p> <p>COSTA RICA Theoretically, the flowchart is explicit; what needs to be analyzed is the operational feasibility to implement it, due to the conditions that exist in the public sector.</p> <p>The relationship between revenue, expenditure and net assets/equity are concepts that must be analyzed in this flow.</p>
<p>Specific matter for comment 3:</p>	<p>COLOMBIA There is sufficient guidance in this draft standard to determine when a present obligation is satisfied (the transferee recipient undertakes the</p>

<p>IPSASB decided that a transferee recipient recognizes revenue without a performance obligation, but with a present obligation when (or as) the transfer recipient meets the present obligation.</p> <p>Do you agree that there is sufficient guidance in this draft standard to determine when a present obligation is met and when revenue should be recognized? For example, at a given point in time or over time. If not, what other guidance is needed to improve the clarity of the principle?</p>	<p>specified activities) and when revenue should be recognized (to the extent that those activities are met progressively over time or by a specified date).</p> <p>However, we believe that greater emphasis should be placed on the fact that the existence or not of a present obligation, as well as its compliance, must be consistent between the beneficiary entity and the entity providing the transfer and, consequently, these must have symmetrical treatments in both entities.</p> <p>EL SALVADOR</p> <p>Partially agreed. More examples and further guidance are needed to safely and effectively recognize and determine when, because of its special characteristics, an obligation is fulfilled and revenue is recognized.</p> <p>Perhaps what is required is only more time for analysis, understanding and study of the draft standard, by those of us who will be users of it.</p> <p>ECUADOR</p> <p>The standard does provide sufficient guidance for the registration of the accounting in the transfer provider and the transfer recipient.</p> <p>BRAZIL</p> <p>See general comment question 1.</p> <p>PARAGUAY</p> <p>In this item the best is to make similar the consolidable or reciprocal budget items and define that the expense of the transfer provider and the revenue of the transfer recipient must occur simultaneously, because if they are recognized at different times it would only bring problems at the time of consolidation either monthly or annually, and most of these items are budgeted, can be identified and eliminated at the time of consolidation.</p> <p>HONDURAS</p> <p>No comment is issued.</p> <p>PERU</p> <p>We agree with this approach; however, under certain circumstances, there may be mismatches between the times when the transfer provider and the transfer recipient account for the expenses and revenue, respectively, arising from the transaction. For example, on date "x" the transfer recipient informs the transfer provider that the performance obligation has been satisfied from his (the recipient's) point of view, but not necessarily, the transaction could be satisfied on the same date from the transfer provider's point of view. This would result in differences in the consolidated financial statements.</p> <p>MEXICO</p> <p>The standard includes the revenue recognition in a very general way, so it is considered that it will be difficult to understand for its application.</p>
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	<p>GUATEMALA</p> <p>We agree that there is sufficient guidance in this draft standard, however, it is suggested that guidance be included to improve understanding of the accounting records.</p> <p>CHILE</p> <p>Yes, it is considered appropriate.</p> <p>COSTA RICA</p> <p>Within the guidance, it is important to indicate the procedure to follow in case for some reason some present obligation is not fulfilled, and the accounting must be adjusted considering an extraordinary event.</p> <p>Recognition times between the beneficiary entity and the provider entity must have procedures that guarantee consistency between the parties.</p> <p>In the case of Costa Rica, it is very difficult to establish the moments in accordance with the proposal of the standard, and the guide should expand on how to provide this follow-up and give examples.</p>
<p>Specific matter for comment 4:</p> <p>IPSASB decided that the objective in assigning the transaction price is for a transferee to assign the transaction price to each current obligation in the agreement, so that it represents the amount to which the transferee expects to be entitled upon performance of the current obligation. The amount of revenue recognized is an amount proportionate to the inflow of resources that is recognized as an asset, based on the estimated percentage of the total obligation to be fulfilled.</p> <p>Do you agree that there is sufficient guidance in this draft standard to identify and determine how to allocate the transaction price between the different current obligations? If not, what further guidance is needed to improve clarity of the principle?</p>	<p>COLOMBIA</p> <p>We agree with the guidelines mentioned in the draft standard for the identification and allocation of the transaction price to the current obligations.</p> <p>EL SALVADOR</p> <p>Partially agreed.</p> <p>It is considered to evaluate that establishing transaction prices to a service to society, probably leads to create indexes, not only by the individuality and legal aspects of each country, but by the diversity of services to society provided by public entities, in order to measure the costs and benefits of its implementation.</p> <p>ECUADOR</p> <p>Yes, we agree with the guidance provided in the standard to identify and determine the price of the transaction.</p> <p>BRAZIL</p> <p>See general comment question 1.</p> <p>PARAGUAY</p> <p>No comments.</p> <p>HONDURAS</p> <p>No comment is issued.</p> <p>PERU</p> <p>Yes. We agree.</p>

	<p>We recommend applying the percentage-of-completion method to the estimated percentage of obligations that have been fulfilled.</p> <p>MEXICO</p> <p>It is suggested to mention the treatment that will be followed in case of binding arrangements that contain different present obligations to be fulfilled, but that the price of each one of the present obligations has not been determined separately and each obligation has different deadlines to be fulfilled.</p> <p>It would be important to exemplify complex cases so that the minimum elements for each present obligation of such arrangements can be understood from the example.</p> <p>GUATEMALA</p> <p>Yes, we agree.</p> <p>CHILE</p> <p>More indications should be added about when to recognize transfer revenue and reduce the obligation, which is important especially in countries that have integrated budget and accounting. Reference should be made to the achievement of project milestones.</p> <p>COSTA RICA</p> <p>It is important that the methodology shows a greater diversity of measurement indicators or their conceptualization, in order to have alternatives for the different alternatives of obligations that may occur.</p> <p>It should be expanded in the guidance with examples.</p>
<p>Specific matter for comment 5:</p> <p>Do you agree with the IPSASB proposals that accounts receivable within the scope of this draft standard should subsequently be measured in accordance with the requirements of IPSAS 41: Financial Instruments?</p> <p>If not, how do you propose to account for the receivables?</p>	<p>COLOMBIA</p> <p>We agree with the proposal to subsequently measure accounts receivable in accordance with the requirements of IPSAS 41; However, we believe it is appropriate to include or provide additional guidance for the measurement of accounts receivable that are not within the scope of IPSAS 41, with the understanding that there may be financial assets (financial flows that must be repaid to the transferring entity if obligations are not met) and non-financial assets (when the transfer is presented with in-kind assets) and therefore, in many cases, it would be expected that the recourse to repay, in the event of non-compliance with obligations, would materialize into a non-financial flow. With respect to the latter case, it is not clear whether it should be called an account receivable.</p> <p>In accordance with the above and depending on the type of agreement or arrangement, the transfer recipient will be obliged to return or reimburse a financial asset or a non-financial asset, in some cases, in the short or long term and, in other cases, with or without the mediation of a penalty or an interest rate. For this reason, we believe that instructions or guidelines should be given for this type of particular transaction.</p>

	<p>For example, in accordance with paragraph 84, if a financial asset is held, as a receivable and the time value of money is not significant, the measurement of the receivable asset should be the cost or value disbursed; however, when the time value of money is significant, a present value measurement may be appropriate. Therefore, it is not clear in which cases the amortized cost is used to measure the account receivable at the transferor entity or the liability at the transferee entity.</p> <p>With respect to fair value measurement, we believe that the concept of fair value should be clarified, either from the conceptual framework or from the draft standard, given that, in the absence of a precise definition, users could resort to standards from other bodies such as IFRS 13 and go to any of the three (3) levels proposed by that standard. Additionally, it is proposed that the treatment be mirrored with draft standard 72 in relation to the measurement of non-financial assets at carrying amount.</p> <p>EL SALVADOR</p> <p>We partially agree, although the above is not applicable in the Salvadorian public sector accounting regulations, since this would imply the increase of financial value in the accounts receivable.</p> <p>According to our current application, this should be maintained.</p> <p>ECUADOR</p> <p>Partially agree, since in Ecuador accounts receivable are recognized on an accrual basis.</p> <p>BRAZIL</p> <p>See general comment question 1.</p> <p>PARAGUAY</p> <p>We agree especially in the case of transfers made to Public Entities or Public Companies, in which the Treasury takes the Public Debt and then transfers it to such entity through an agreement in which the entity is obliged to amortize and pay all the service of the Debt according to the maturities, and generally it is used in infrastructure, in which the Treasury is a joint guarantor.</p> <p>HONDURAS</p> <p>No comment is issued.</p> <p>PERU</p> <p>Yes, we agree.</p> <p>MEXICO</p> <p>No comment is issued.</p> <p>GUATEMALA</p> <p>No comment is issued.</p>
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	<p>CHILE</p> <p>Yes, it is considered appropriate, and thus a uniform standard for accounts receivable is maintained.</p> <p>COSTA RICA</p> <p>At this point, it is always necessary to analyze materiality in the public sector, since IPSAS 41 considers impairment and this calculation normally requires actuaries, and not every accounting entity has the possibility of contracting actuaries.</p> <p>IPSAS has a weakness with respect to fair value, which in IFRS and IASs is well defined. It is considered appropriate for this standard to consider this issue, and its application in financial instruments.</p>
<p>Specific matter for comment 6:</p> <p>The proposed IPSASB disclosure requirements for revenue transactions without performance obligations are intended to provide users with information useful for decision making and to demonstrate the recipient's responsibility for the resources entrusted to them.</p> <p>Do you agree that the disclosure requirements in this draft standard provide users with sufficient, reliable and relevant information about revenue transactions without performance obligations? In particular, (i) which disclosures are relevant? (ii) which disclosures are not relevant? and (iii) what other disclosures, if any, should be required?</p>	<p>COLOMBIA</p> <p>We believe that the disclosures required in the draft standard are sufficient, relevant, and material to the user of the information; however, in disclosing in-kind services, the availability of qualitative or quantitative information for the disclosures required in this standard should be taken into account.</p> <p>Additionally, it is important to avoid that, given the number of disclosures required by the standard, as mentioned in paragraph 128, useful information is overshadowed by the inclusion of details or information that is not very relevant, which distracts the user's attention from the information.</p> <p>EL SALVADOR</p> <p>Agree with further disclosure of revenue transactions, however, the above is not applicable in the Salvadoran accounting system, since it does not have subsequent measurement accounting policies for the application of performance obligation transactions.</p> <p>ECUADOR</p> <p>We agree with the above disclosures as they meet the criteria of sufficient, relevant and material.</p> <p>BRAZIL</p> <p>General commentary.</p> <p>PARAGUAY</p> <p>We agree, but it is important the cases of compensation or exchange or dation in payment, since such operations are budgetary, but do not generate income or output of funds, so it should indicate and identify such operations, amount etc.</p> <p>HONDURAS</p> <p>No comment is issued.</p>

	<p>PERU</p> <p>Which disclosures are relevant? The amount of revenue without performance obligations recognized during the period.</p> <p>The amount of accounts receivable recognized in respect of revenue without performance obligations.</p> <p>The existence and amounts of any anticipated collections with respect to revenue without performance obligations</p> <p>Disclose the nature and type of the main types of in-kind services received.</p> <p>MEXICO</p> <p>Since this standard does not require the classification of revenue from performance obligations or present obligations in a new line item or accounting concept affecting the chart of accounts, it is suggested that the same treatment be given to the disclosure of binding arrangements, of not distinguishing with or without performance obligation.</p> <p>In addition, the disclosures included in ED 71 do not require a maximum volume of disclosures, they are read in great detail, and therefore it could be too much information that is published and that makes it difficult for different users of financial information to understand. Although paragraph 128 states that public entities may define the level of aggregated or disaggregated information, giving priority to the usefulness of the information for users, it is also true that the following paragraphs (131 and 132) are in contrast to paragraph 128.</p> <p>GUATEMALA</p> <p>No comment is issued.</p> <p>CHILE</p> <p>Yes, the disclosures are considered adequate. It is proposed to add a disclosure that asks to explicitly state which accounting policy is used to determine when revenue is recognized when there is no present obligation, and to explain the judgments used.</p> <p>COSTA RICA</p> <p>Disclosure of performance and obligations is a new concept in the public sector, considering the potential for service, so guidance should be given with that perspective in mind, not an economic amount.</p> <p>Costa Rica operates with the following type of transfers, always looking for a social benefit, which can be health, education, housing, sports, etc., considering an indicator to evaluate is complex.</p> <p>Specific items, by means of current transfers. Current transfers from the Executive Branch. Specific Items, through Capital Transfers Capital transfers from the Executive Branch Transfers associated with Laws to other entities.</p>
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<p>Specific matter for comment 7:</p> <p>Although much of the material in this draft standard has been taken from IPSAS 23, Revenue from Non-Exchange Transactions (Taxes and Transfers), the IPSASB decided that the draft standard should set out broad principles for the recognition of revenue from non-performance transactions, and provide guidance on the application of those principles to major sources of revenue for governments and other public sector entities. The manner in which these principles and general guidance have been set out in the draft standard is consistent with that in ED 72, Transfer Expenses.</p> <p>Do you agree with the approach taken in the draft standard and that the structure and general principles and guidelines are logically established? If not, what improvements can be made?</p>	<p>COLOMBIA</p> <p>With respect to the structure of the standard, it should be mentioned that it is not pertinent to develop the exceptions listed in the scope, such is the case of the following statement: "a public sector combination that is a transaction would not change and the accounting of the owners' contributions" (which are developed in paragraphs 6, 7 and 8), since, instead of clarifying, it generates confusion in the reader.</p> <p>In order to make the draft standard "Transference expenses" consistent with the "Revenue without performance obligations" standard, it would be necessary to separate the government's own revenue that does not generate obligations, such as taxes, fines, contributions and fees (considering that in these cases, it is not appropriate to treat them as transfers) and to treat, independently, the transfer revenue, differentiating, for this revenue, those that generate obligations from those that do not.</p> <p>This situation was better clarified in IPSAS 23 through the differentiation of restricted transfer revenue from conditional revenue. These transfers (especially those related to resources that are transferred between different levels of government) are those that would be mirrored in those of transfer expenses and should be mirrored in the transferring and receiving entities and, therefore, there should be correlation in both income and expenses as well as in assets and liabilities.</p> <p>The draft standard clarifies the existence of the present obligation from the perspective of a binding arrangement (legal or equivalent) that leaves the transferor no alternative but to leave resources to fulfill or liquidate the obligation. However, the term arrangement implies that two or more parties, autonomously, agree to assume obligations and rights; however, the standard does not seem to regulate transactions that occur between government entities at different levels (national and local, central and decentralized, or federal and state), where no arrangement is mediated, but rather, by legal mandate, an entity is obliged to transfer monetary or non-monetary resources to another government entity. These conditions meet the elements of paragraphs 33 and below, but only paragraph 48 addresses them, albeit under the arrangement approach.</p> <p>Additionally, the binding arrangement that is made by equivalent means does not result in compliance with the principle of substance over form, since, by prioritizing compliance with the principle, the law may be violated.</p> <p>Finally, it is proposed to include, in ED 71, the cases of goods and services that the government provides exclusively because of the sovereignty that falls on it and that are not associated with a market logic or with the recovery of costs incurred in the provision of goods and services, for example, military passbooks and vehicle registration, tolls and other fees.</p> <p>EL SALVADOR</p> <p>I totally agree. The approach taken in the draft standard, its structure and the general principles and guidelines are logically established.</p>
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	<p>ECUADOR</p> <p>We agree with the structure and approach of the draft standard; however, the term revenue from transactions without performance obligations should be replaced by the concept of revenue from non-exchange transactions, as it is more understandable and applicable in public sector uses.</p> <p>BRAZIL</p> <p>See general comment question 1.</p> <p>PARAGUAY</p> <p>We do not agree with the approach especially to the lack of references to the budgets, special laws and other legal dispositions that affect the Public Sector, it is essential that these standards go hand in hand with the Budgets and the way to identify this type of operations especially the reciprocal or consolidable ones that it gives in a universal way and it affects in a direct way when consolidating the information.</p> <p>HONDURAS</p> <p>No comment is issued.</p> <p>PERU</p> <p>Yes, we agree, Although much of the material in this draft standard is taken from IPSAS 23, Revenue from Non-Exchange Transactions (Taxes and Transfers), the IPSASB decided that the draft standard should set out broad principles for the recognition of revenue from non-performance transactions, and provide guidance on the application of those principles to major sources of revenue for governments and other public sector entities.</p> <p>MEXICO</p> <p>In this regard, it is considered that the information contained in draft regulations 71 and 72 in general terms is consistent.</p> <p>GUATEMALA</p> <p>We agree with the approach taken in the draft standard.</p> <p>CHILE</p> <p>Yes, this is considered a suitable title structure.</p> <p>COSTA RICA</p> <p>The concept of exchange and non-exchange addressed by IPSAS 9 and 23 was appropriate in order to classify revenue, since the generation of own revenue where a fee could be charged for the good and service, was different from a transfer that sought a service or social potential, with the concept of performance, that distinction can disappear.</p>
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	We believe that the approach between draft regulation 71 and 72 is not consistent in terms of the timing of recognition of transfers with obligations.
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Sincerely,

FORO DE CONTADURÍAS GUBERNAMENTALES DE AMÉRICA LATINA FOCAL