Revista de Educação e Pesquisa em Contabilidade
Journal of Education and Research in Accounting

REPeC, Brasília, v. 12, n. 3, art. 3, p. 310-326, Jul./Sep. 2018
Available online at *www.repec.org.br*
DOI: http://dx.doi.org/10.17524/repec.v12i3.1858

Periódico Trimestral, digital e gratuito publicado pela Academia Brasileira de Ciências Contábeis

ISSN 1981-8610

IFRS 16 - *Leases*: Challenges, Perspectives and Implications in the Light of Substance Over Form

Abstract

Objective: To start a theoretical debate on the main challenges and impacts of the standard IFRS 16 and its implications for the accounting treatment of leases, further analyzing compliance with the new models imposed in the light of the primacy of substance over form.
Method: In methodological terms, this is a theoretical essay, as the discussion is focused on knowledge that has not been developed yet in the Brazilian literature, presenting the most recent aspects found in the international literature on IFRS 16 and complementing the analysis of the standard in the light of Accounting Theory. Therefore, the main problems appointed in the previous standard are highlighted, analyzing documents and perspectives IASB and other entities have published to demonstrate how companies should prepare for the challenges the standard entails. Almost all of its items require a high level of subjectivity and professional judgment.
Results: The discussion of the topics reveals that the lessees perceive the main challenges the standard entails. The unique accounting treatment model brings a series of subjectivities that start with the On/Off balance sheet test, with concepts to identify if the contract is or contains leasing. Then, the subjectivity of identifying and separating between the leasing and non-leasing components of a contract can be a complex exercise that will require further information the lessor should offer, and/or the use of an independent baseline price for that breakdown. At the macro level, the main consequence of the impact of the standard are the changes in the financial measures (such as EBTDA, ROE, ROA); new estimates; greater judgment; and volatility of the balance sheet.
Contributions: From the academic viewpoint, the theoretical debate on the new accounting standard, which will come into force in 2019, adds an important reflection for Accounting as a Science. For the Market, the issues raised as the main challenges in the standard soon to be adopted in Brazil offer new perspectives for the companies that are facing the transition period to adopt the new standard.
Keywords: Leases. IFRS 16. Substance Over Form.

Nyalle Barboza Matos
Ph.D. candidate in Accounting at University of Brasília (UnB). M.Sc. from Multi-Institutional and Interregional Graduate Program in Accountancy at UnB/UFPB/UFRN.
Contact: Universidade de Brasília, Face, Faculdade de Economia, Administração e Contabilidade, Prédio da FA, 2° Andar, Salas B1-02, Asa Norte, Brasília/DF, CEP: 70910-900.
E-mail: nyallematos@hotmail.com

Jorge Katsumi Niyama
Ph.D. in Controllership and Accounting from University of São Paulo (USP). Professor at University of Brasília (UnB).
Contact: Universidade de Brasília, Face, Faculdade de Economia, Administração e Contabilidade, Prédio da FA, 2° Andar, Salas B1-02, Asa Norte, Brasília/DF, CEP: 70910-900.
E-mail: jkatsumi@unb.br

Published in Portuguese and English. Original Version in Portuguese.

Received in 5/18/2018. Ask to Revise on 6/30/2018. Resubmitted on 7/19/2018. Accepted on 7/30/2018 by Dr. Vinícius Gomes Martins (Assistant Editor) and by Dr. Orleans Silva Martins (Editor). Published on 9/5/2018. Organization responsible for the journal: Abracicon

1. Introduction

One of the objectives of the International Accounting Standards Board (IASB) is to issue standards that will ensure useful information for current and potential investors to make more effective decisions, based on more transparent and comparable financial statements (IFRS, 2015). To better meet this purpose, agencies such as the IASB and the Financial Accounting Standards Board (Fasb) have been publishing standards to improve the quality of accounting information, making them more relevant and reliable, seeking to establish uniform measuring standards for asset and liability valuation with a view to enhancing their use around the world (Khan, Anderson, Warsame & Wright, 2015).

The accounting regulators, professionals and users of the financial statements mention this need for greater quality and reliability of accounting information as one of the major reasons for the implementation of the international standards (Khan, Anderson, Warsame & Wright, 2015). Complementing this breakthrough in global accounting in January 2016, the IASB issued IFRS 16, known as Leases, which establishes new rules for the recognition, measurement and disclosure of lease information.

Leasing can be defined simply as a contractual transaction between the owner of a property (lessor), who grants the use of that property to a third party (lessee), for a certain period of time defined in the contract, with option for the lessee to acquire the good, return it or to extend the contract (Niyama & Silva, 2013).

The need to change the accounting treatment of leasing is verified when a 2014 IASB survey showed that approximately 3.3 trillion dollars in liabilities were off-balance sheet (Sacarin, 2017). The regulatory agencies FASB and IASB currently permit this lack of accounting information (through Statement No. 13 and IAS 17, respectively), which has been criticized for impairing financial market transparency and may confuse the financial statement users, as it does not allow a complete visualization of the assets that are controlled and used in the activities of the lessee, nor of the liabilities arising from leasing agreements. The proposal of IFRS 16 is a single accounting model in which, regardless of the classification of the lease as finance or operating, the lessees disclose the assets and liabilities in their balance sheets in accordance with the precepts of the new conceptual framework (IFRS, 2016).

In a document called Effects Analysis, in January 2016, the IASB conducted a study with more than 1,500 companies located worldwide, aiming to evaluate the costs and benefits and approximately estimate the quantitative impact the changes will cause in the financial statements (IFRS, 2016). The findings showed that the application of IFRS 16 does not have the same effects in all sectors, with a greater impact on the aviation sector, which will recognize about 22% more liabilities in its balance sheets according to the IASB forecast.

Given the imminent application of the standard in a global context, it is known that the scope and range of these changes represent a major challenge for accountants and academics, who have the role of helping information users to better understand the impact of the standard in the statements. In this perspective, audit firms and financial analysts articulate and issue manuals and documents to guide companies and accountants about possible substantial changes in financial reporting, and the academy analyzes the impacts and benefits to Accounting as a science and therefore to accounting theory.

Despite the importance of the theme, we were unable to identify in the Brazilian literature studies that broadly discuss the changes proposed in the standard. In view of this gap in the Brazilian literature, the research problem arises that this theoretical essay seeks to clarify: What are the main challenges and impacts to be addressed after the changes proposed by IFRS 16 and how can these changes be interpreted in the light of the primacy of substance over form? In order to respond to this research problem, we used the main documents officially issued and discussed by the IASB and the academic discussions in order to clarify the challenges the standard entails.

This theoretical approach may facilitate a better understanding of the topic, encouraging discussions about the regulatory aspects that will affect Brazil through the adoption by the Accounting Pronouncement Committee, through Technical Pronouncement CPC 06 Revision 2 - Leasing Operations (approved by CVM Resolution 787 of December 21, 2017). Despite the recent edition of the CPC, discussing the theme is relevant in Brazil because leasing operations are currently controlled and supervised by the Brazilian Central Bank, which issues resolutions different from those the IASB has adopted for lessors. This theme has aroused interest in recent years, with an increasing number of studies that aim to clarify a range of questions on the accounting treatment of leases, ranging from the general and conceptual view to more specific sectorial approaches, revealing aspects that vary between measuring the impact on corporate and sectorial performance, including theoretical debates that discuss the substance of the standard. By emphasizing the theoretical approach to the changes the standard proposes, this study is methodologically considered a theoretical essay, as it discussed knowledge that has not been developed yet in the Brazilian literature, presenting the state-of-the-art aspects found in the international literature about IFRS26 and complementing the analysis of the standard in the light of Accounting Theory.

2. IAS 17 and Main Problems

In 1980, the International Accounting Standards Committee (IASC) issued its Exposure Draft 19 about leases. That document was similar to Fasb's Statement No. 13 in force at that time, which set out four requirements for leasing to be considered financial and to be recognized by the lessee. In the first criterion established, the leasing operation should transfer the ownership to the lessee at the end of the contract term; it should also contain a call option at a price significantly lower than the market value at the option date, representing a reasonable certainty that the call option would be exercised. Another criterion was that the lease term should cover most of the economic useful life of the leased asset, usually 75% or more. Finally, the present value of the minimum lease payments should be greater than or equal to the market value of the leased asset at the time the leasing is contracted, usually 90% or more.

To proceed with the IASC analyses, in 1982, IAS (International Accounting Standards) 17 was issued virtually unchanged in relation to Exposure Draft 19, except for the removal of the information between parentheses related to the percentages of 75% for the lease term that would cover most of the economic useful life of the leased asset and 90% for the base to test whether the present value of the minimum lease payments would be greater than or equal to the market value of the leased asset at the time of contracting.

The models in IAS 17 require lessees and lessors to classify their leases as finance leases or operating leases, with different accounting models. This distinction did not satisfy the needs of investors, as the dependence on the qualification of leases would result in different treatments in the financial statements, in some cases being presented in the balance sheet and, in others, only reflected as a rent expense in the income statement (Lloyd, 2016). As a result of this divergence, investors adjusted the financial statements of the lessees to recognize assets and liabilities that were "off-balance sheet", and recalculated relevant indicators in the economic-financial analysis of the entities.

The main proposals to amend the standard were set out in ED/2010/9, whose proposal was to consider the substantial transfer of the risks and benefits of the asset, in order to recognize the leasing, especially under the usage right, but without segregation in finance or operating terms, and ED/2013/6, in which the leasing operations will no longer be classified as Operating or Finance, but in Type A and Type B. The criterion for classification will be the economic life of the leased asset, as well as the application of the understanding of the usage right.

IAS 17 may not promote transparency and be susceptible to fraud in three main situations: first, the disclosure and measuring requirements that underpin the substance of finance leases may be misinterpreted by the financial statement preparers; second, the application of changes in the interest rate can be deferred to existing leases if there is a significant impact in the financial performance in the annual report, smoothing income to favor management; and, thirdly, the inaccuracy of analysts' predictions may mislead the financial statement users on the long-term solvency of entities (Edeigba & Amenkhienan, 2017).

Leases classified as operating leases were not disclosed in a company's balance sheet but rather in the balance sheet in a similar manner to a service contract, in which the company reports a lease expense in the income statement (typically the same amount in each lease period) (Loyd, 2016). The adoption of IAS 17 could then cause distortions in the financial ratios and cause false impressions on the financial health of the company as perceived by investors and creditors. In a simple example, a company that presented a greater risk or difficulties in borrowing could resort to operating leases and mask its risk of bankruptcy and growth rates.

Examining this situation from the viewpoint of the capital structure, Cornaggia, Franzen and Simin (2013) argue that firms strive to minimize taxes and financing costs. So when OBS (off-balance sheet) funding is allowed, management tends to distort financial information. Therefore, there may be a propensity for companies with poor financial reporting and worse financial ratios to tend to use operating lease as a source of financing.

In addition to the possibility of potential investors being misled, manipulation of regulatory requirements imposed by IAS 17 affects clients, suppliers, employees and other stakeholders who base long-term contracting decisions on perceived financial health (Cornaggia, Franzen & Simin, 2013). To the extent that counterparties do not properly assess financial risk, the company benefits from its asymmetric information in the contracting.

Another argument is that IAS 17 allows companies, in addition to preferring operating leases, to tend to inform the financial as operating, even if, in substance, they are classified as financial or characterize a common service contract, which does not fit into the definition of leasing according to the standard (Sacarin, 2017; Edeigba & Amenkhienan, 2017). Therefore, the new standard proposes emphasizing the use of the asset in its substance rather than the legal form of classification.

It is known that operating leasing gives the company a better capacity and indebtedness rate and this could also make companies choose the operating lease, thus avoiding the Fasb rules and their Bright-line rules (demarcation of percentages of useful life, risk transfer and others), which determine when the lease is characterized as financial leasing and should be on balance sheet. The need for an international standard, such as the new IFRS lease rule, avoids the dissemination of different accounting methods, resulting in better comparability of financial statements and thus reducing reporting disparities (Cornaggia, Franzen & Simin, 2013).

Concern about improving financial disclosures and statements continued to grow, and other agencies such as the Securities and Exchange Commission (SEC) expressed concern about the lack of information transparency on lease obligations, highlighting concerns investors and others had previously expressed. The document Basis for conclusions (IFRS, 2016b) brings these considerations about the lack of transparency and lack of attention to the financial statement users' needs. After reviewing comments from countries around the world, the IASB found that many users adjusted financial statements of a lessee to capitalize on operating leases because, in their view, the financing and assets provided by leases should be reflected in the statement of financial position (IFRS, 2016b).

The comment letters also show that some users of the statements tried to estimate the present value of future lease payments to have a more realistic view of the company's situation. Because of the limited information available in the explanatory notes, however, many used approximation techniques to estimate total leverage and capital employed in operations, while other users were unable to make adjustments. Thus, these different approaches created asymmetric information in the market (IFRS, 2016b).

The IASB increasingly noted the inefficiency of the current model through its research and consultations, which was eventually misused by companies. Statistics revealed significant amounts of unrecorded leases and investors showed their dissatisfaction. The arguments against IAS 17 were highlighted in this topic in order to describe the scenario of changes in which IFRS 16 was created, to then discuss the challenges and changes it proposed.

3. IFRS 16 and Proposed Changes

IFRS 16 largely retains the lease definition in IAS 17, but changes guidance on how to apply it. This refinement in the accounting form was necessary to remove the practice of OBS items for operating leases and to better distinguish a lease from a service contract (Sacarin, 2017).

Another measure that will also facilitate the application and reduce the cost to businesses is that the new standard and its definition will only apply to new lease agreements (as of January 2019). Therefore, it is not necessary for companies to re-evaluate their existing contracts to make the transition. The lessee's new accounting approach implies the recognition of two main items as a result of the contract, which involves: a right-of-use asset and a lease liability.

Compared to other standards, IFRS 16 is similar to ASC 842 (FASB Accounting Coding Standards) issued on February 25, 2016. The difference between the standards is that IFRS 16 recognizes only one model for all contracts while ASC 842 recognizes two models, still depending on whether the lease is financial or operating. In the case of operating leases, liabilities and assets will be measured on a linear base while, for the finance leases, classification and procedures are the same as in IFRS 16.

3.1 International transition scenario

The IASB and other agencies, such as the audit companies, economic groups like the European Union and financial analysts are concerned with how the companies will process this transition and how it will affect the financial market. As discussed, the main impact of IFRS 16 will be the recognition of assets and liabilities formerly kept OBS related to operating leasing operations.

A study by the European Financial Reporting Advisory Group (EFRAG, 2017) simulated these effects on companies registered in its territory. Considering the limitations inherent in the nature of this simulation, this study showed that total liabilities arising from operating leases correspond to approximately 516 billion euros, representing 15% of the lessees' average total debt (excluding financial institutions). If we consider only the three sectors where the use of operating leases (airlines, retail and travel and leisure) is more common, this figure rises to 40% of total debt. The value of the ROU asset for the lessees in the simulation corresponds to 551 billion euros, representing 15% of the total net book value (EFRAG, 2017).

The IASB also collected information on the likely effects of new standards through consultations on exposure drafts and their analyses and consultation with stakeholders through outreach activities (IFRS, 2016a). Overall, this document recognizes the difficulty to apply the standard, but emphasizes that the benefits of adopting it will be far greater than the costs. The IASB also recommends that all companies that follow the IFRS standard begin to analyze the impacts the adoption of the standard will cause. Early adoption is permitted for companies that simultaneously adopt IFRS 15 - Revenue from contracts with customers.

To anticipate adherence to the standard, companies may choose to apply the new definition of lease contract to all their contracts, or apply a "practical expedient", maintaining their previous assessment of which contracts are or contain leases (IASB, 2016). The practical expedient option reduces the cost of the standard, but also reduces the comparability among companies.

Lloyd (2016) states that, in response to the expressed concerns about cost and complexity (and particularly the costs of applying the standard requirements to large volumes of "small-value" items), IFRS 16 does not require a lessee to recognize assets and liabilities for (a) leases of 12 months or less (short-term leases), and (b) leases of low-value items (such as computers and office furniture or other items worth less than U$5,000). If this exemption is applied, then the rent expense is recognized in the income statement.

According to the Bases for conclusions (IFRS, 2016b), the short-term and low-value exemption decision is related to the economic consequences of a short-term lease for a lessor. It is considered that there is an economic disincentive for lessors to grant leases with shorter maturities, because the reduction of the lease term would increase the risk associated with the residual share of a lessor in the underlying asset.

The IASB chose not to require a mandatory retrospective approach because it knew that it would be virtually impossible for some companies. The IASB team conducted a consultation on the term and found that most companies would need two to three years to implement the new standard, and that most companies preferred to adopt IFRS 16 after IFRS 15, although some wanted to adopt both at the same time. The users and preparers of the statements complain of so many impending changes (financial instruments and revenues will take effect as from 2018, and IFRS 15 as from 2019).

With one year left for the mandatory adoption of the standard, discussing the effects under macroeconomic aspects and considering the characteristics of each economic sector and the operational particularities of each company are crucial to maintain the financial health of the markets. Investors, analysts and academics should focus their efforts on preparing for the maximum possible impacts the standard may cause. Besides this aspect, one must also consider if the increase in the subjectivity of the parameters, the insertion of concepts such as relative certainty and symbolic price, would provide greater scope for income smoothing and its impact for the financial information.

3.2 Brazilian context and related studies

In Brazil, the Accounting Pronouncements Committee (CPC), the Brazilian Securities and Exchange Commission (CVM) and the Federal Accounting Council (CFC) offered for joint public hearing the Technical Pronouncement CPC 06 (R2) - Leasing Operations (corresponding to IFRS-16 - Leasing), starting on June 1, 2017 and ending on August 31, 2017, with insignificant contributions and changes (only one suggestion reported) in relation to IFRS 16. In addition to replacing existing lease standards, including CPC 06 (IAS 17) Leasing Operations, IFRS 16 also changes ICPC 03 (International Financial Reporting Interpretations Committee - IFRIC 4 Standing Interpretations Committee SIC 15 and SIC 27), which deal with complementary aspects of leasing operations (KPMG, 2017). - Despite the disclosure of the pronouncement, few studies have investigated the future impact of asset and liability disclosure in compliance with IFRS 16 in Brazil. In the Brazilian context, where new fiscal and regulatory standards are essential to measure the impacts of this new CPC, since 2014, Law 12.973 has been published, which established the fiscal treatment of the accounting changes due to the convergence of the Brazilian with the international standards (RBF, 2017). Nevertheless, as CPC 06 R2 only came into force after that law, the altered accounting criteria depend on the Brazilian Internal Revenue Service (RBF) and its Normative Rulings to regulate the adjustments to be made in the calculation base of federal taxes in order to guarantee the tax neutrality.

On this regulation, RBF Normative Ruling 1700, dated March 14, 2017, provides for the calculation of Income Tax and Social Contribution for companies opting for the Actual, Assumed and Arbitrated Profit regimes, imposing general exemption rules and immunities, obliging the taxpayers. In addition, it regulates the practical application of the tax adjustments of the international accounting standards and the CPC, with its annexes on appropriate procedures to nullify the effects of these acts on the determination of federal taxes (RBF, 2017).

Following the same purpose of IN 1700, other regulations were issued: IN RFB 1753, of October 30, 2017, and IN 1771, of December 26, 2017. The latter deals with Technical Pronouncement 47 (Revenue from Contracts with Customers), disclosed on December 22, 2016 by CPC 47, which identified new methods and accounting criteria with significant changes in the measuring and accounting recognition of revenues. In this latest update, it is important to remind that, although IN 1771 came after the approval and disclosure of the content of CPC 06 R2, there was no mention of its changes, also lacking RBF regulation.

Academic studies that address the impact of CPC 06 and its new criteria are still scarce in Brazil. Moura's research (2017) sought to identify the degree of disclosure of leasing by the companies listed on Ibovespa, based on the changes in the accounting standard, verifying the disclosure requirements by IAS 17 and IFRS 16, analyzing the financial statements of 17 companies listed on Ibovespa. The research was aimed at verifying if any company already shows traces of disclosure of the lease in the quarterly results according to the standard proposed to enter into force in January 2019 (CPC 06-R2). The results show that the percentage disclosure according to the new standard is still low (an average 40% of the selected companies) (Moura, 2017).

Arroziom Gonzales & Silva (2016) studied the changes in the financial indicators of companies in the wholesale and retail sectors, due to the new accounting treatment of the operating leases of the companies listed on the Brazilian stock exchange B3, noting that leasing has effects on liquidity, debt and operational leverage. It should be reminded that some studies in Brazil already verified the impacts on the asset and liability structure and financial indicators, even before IFRS 16 was published (Barbosa, Barros, Niyama & Souza, 2011; Gallon, Crippa, Gois & Luca, 2012).

Since the promise of changes through Exposure Draft 2010/09 (ED), some authors, such as Batista & Formigoni, (2013) and Martins, Silva Filho, Girão and Niyama (2013) use the simulation method of the proposals in the ED in order to verify if the expected changes can cause significant differences in the indicators tested. Evidence shows that, in 2011, R$ 3.8 billion, related to operating leasing contracts, did not go on the balance sheet of the respective Brazilian companies, and that, on average, the companies in the sample have operating leasing contracts payable equivalent to 18.46% of equity and 16.14% of third-party capital (Martins et al., 2013).

Similar simulations were analyzed in Australia by Xu, Davidson and Cheong (2017) in order to calculate the impacts of the local standard correlated with IFRS 16 (corresponds to AASB 16 in Australia), noting that the standard has a stronger economic impact for companies in the industrial sector and that the change in the book value of equity that occurs as a result of capitalizing the operating leases is relevant to determine the market value of the shares. Nevertheless, the changes in the company income do not materially affect the market value of these leases (returns). From the viewpoint of improving the information transparency for investment decisions, the study provided the first Australian evidence on the impact of adopting the new standard. The authors believe that the right-of-use method applied in IFRS 16 is consistent with the present conceptual framework and ensures that leasing operations are faithfully incorporated in the financial statements, increasing the transparency of accounting practices and reducing the data manipulation capacity (Xu, Davidson & Cheong, 2017).

More broadly, Akbulut (2017) focused on international studies that evaluated accounting treatment changes due to the adoption of IFRS 16. Twelve studies were selected as a sample for the literature review, published in high impact factor journals such as Journal of Accountancy, Accounting and Business Research, Accounting Horizons, and Journal of Accounting Research, between 2000 and 2015. The range of these academic studies, which used different samples, reveal that the suppositions on the variations in the interest rate, remaining useful life, total useful life, variation of the leased assets, lease term and accounting and financial ratios vary according to the sectors and countries analyzed, and that there is no consensus on what will change when the new standard is adopted. The results of those academic studies show that there is no agreement.

The statistics of the Brazilian Association of Leasing Companies (Abel) show that, until April 2018, leasing contracts in Brazil, distributed according to the leased object, are concentrated in 39.70% of machinery and equipment, 26.85% of vehicles and the like and 13.97% of aircraft (ABEL, 2018). Abel also reveals that the 184,249 current contracts registered in the association amount to a present value of R$ 11,198,113,807 (Abel, 2018). Based on these data, research is needed to analyze the quality of the information and the amount of accounting disclosure after the standard, comparing the impacts imposed by CPC 06 RS in the financial statements and in the economic and financial indicators, such as EBITDA, Net Income, Return on Shareholders' Equity, Operating Profit and Liquidity Ratio.

4. Main Challenges and Impacts

IFRS 16 was issued with a two-year term for implementation. The IASB (2016) states that it grants this deadline so that implementation costs can be spread over time, and perhaps avoided altogether. The implementation costs for creditors and lessors tend to be much lower than those for lessees.

4.1 Challenges for lessees

For lessees, the implementation of the Information Technology and Accounting system accounts for about 90% of total compliance costs for adherence to the new standard (Efrag, 2017). A study by Efrag (2017) expects that the major costs will relate to the analysis of existing contracts, including the purchase of additional Information Technology systems and possible changes in accounting processes. These costs vary among companies and economic sectors. If the lease portfolio contains different assets and/or varying terms and conditions, the companies would spend more time and resources (Efrag, 2017).

The positive point is that the goal of these initial costs with change is to achieve process automation, that is, tend to promote a lower continuous incremental cost over time. In addition to these costs, under IFRS 16, operating leases, which were previously considered as expenses, would be reported as depreciation and interest expense. As a result, the company's operating costs would drop and EBITDA (Earnings Before Interest, Taxes, Depreciation And Amortization) would increase (IFRS 2016a).

The so-called "On / off balance sheet test" is the test that differentiates whether or not a contract is part of the balance sheet. It represents the material abandonment of the idea of a different accounting treatment for operating and finance leasing (IFRS, 2016). Based on the provisions of IFRS 16, if a contract is identified as a lease, it follows a single lease model, similar to that used in IAS 17 for finance leasing.

In the interpretation of KPMG (2017) on the standard, there is a step-by-step in which three prerequisites have to be fulfilled simultaneously for a contract to be characterized as being or containing a lease. This would be the initial test to apply the rules of IFRS 16. The requirements would be that the contract needs to contain: an identified asset; transfer of economic benefits to the lessee and lessee to manage the use of this asset.

Firstly, to be considered an "identified asset", the leased property needs to be explicitly specified in a contract or implicitly specified when it is made available for use by the lessee. This can occur in two ways: when it can be physically separated or when it substantially represents the total capacity of the asset (KPMG, 2017; IFRS, 2016).

Second, the transfer of economic benefits - this consideration is taken as a crucial point of the new standard. In this regard, leasing contracts will be separated from mere service provision, in which the good is not substantially transferred to the lessee, and in which the lessee does not enjoy the economic benefits as it wishes. For example, if the lessor has the substantive power to replace an asset identified during the lease term, the entity has no control over the asset, which does not constitute a leasing contract. A replacement right is considered substantive when the lessor has the practical ability to replace the asset or when it can economically benefit from its ability to take advantage of that right of substitution (KPMG, 2017).

Finally, the prerequisite of the lessee having the right to manage the use of an identified asset when it occurs, when the lessee has the right to manage and for what purpose, the asset will be used throughout the contract period and when relevant decisions for use are predetermined in the contract (without the lessor having the right to change those decisions). When these three requirements are attended to, the contract is identified as leasing, moving on to aspects of the initial and subsequent measuring of the financial assets and liabilities deriving from the contract. PWC (2016) highlights that this requisite of IFRS 16 to separate leasing and non-leasing components and assigning the consideration to separate components will require management judgment in identifying those components and applying estimates to determine the observable prices. The lessees may not yet have all the information necessary to separate between leasing and non-leasing elements.

The effects of recognition of assets and liabilities in the statement of financial position are accompanied by the recognition of depreciation and interest expenses in the financial performance statement and is reflected in the Cash Flow and comprehensive income Statement (IFRS, 2016a). The lessee's accounting model defines the initial and subsequent measuring form of assets and liabilities over the periods and has particularities the preparers of the statements should be aware of, starting with the lease term.

To define the lease term, the preparers of the statements have a certain degree of subjectivity. The rule states that an entity shall determine the term of the lease as the non-cancellable term of the lease, together with: the periods covered by an option to extend the lease if the lessee is **reasonably** certain to exercise that option; and the periods covered by an option to terminate the lease if the lessee is **reasonably** certain not to exercise that option (IFRS, 2016).

On this reasonable certainty, it is clarified in the document Bases for Conclusions (IFRS, 2016b) that relevant facts and circumstances should be considered that lead the lessee to realize that the term may extend, or not, by evaluating the cost-benefit of not extending the lease term. Examples of relevant facts to consider include: the cost of termination penalties; costs of returning the goods (removal and transportation); existence of improvements; specificity of the asset (possibility of not having the same good available in the market); and market rate in comparison. These factors should be considered and compared to the other options available to the entity.

All leasing liabilities should be measured with reference to an estimated lease term, which includes optional lease periods when an entity is reasonably certain to exercise an option to extend (or not terminate) a lease. A "right of use" model replaces the "risks and rewards" model; the lessees are required to recognize an asset and liability at the beginning of a leasing contract (PWC, 2016).

After determining the contract term for the accounting treatment of the lease, the initial measurement of the right to use asset at cost is done considering (based on) the leasing liability with adjustments to any prepaid rents, lease incentives received and initial direct costs incurred (IFRS, 2016).

It is correct to say, then, that the first step is to measure the leasing liability, at the start date (the date on which the asset is made available for use). A lessee will measure the leasing liability at the present value of the lease payments that are not made on that date (IFRS, 2016). Lease payments will be discounted using the interest rate implied in the lease if that rate can be determined immediately. If that rate cannot be determined immediately, the lessee will use the incremental rate on the lessee's loan (IFRS, 2016).

At the start date, lease payments included in the leasing liability measurement comprise the following payments for the right to use the underlying asset during the lease term that are not made at the start date: (a) fixed payments (including payments fixed in substance, which are variable by name but have a mandatory minimum payment), less any lease incentives receivable; (b) variable lease payments that depend on an index or a rate, initially measured using the index or start date rate); (c) amounts that are expected to be paid by the lessee in accordance with residual value guarantees; (d) the exercise price of a call option if the lessee is reasonably certain of exercising that option; and (e) payments of fines for termination of the lease, if the lease term reflects the lessee exercising an option to terminate the lease (IFRS, 2016).

Variable lease payments will need to be included in the measuring of leasing assets and liabilities when they depend on an index or a rate or are fixed payments in substance. A lessee has to reassess variable lease payments that depend on an index or a fee when the lessee forwards the leasing liability for other reasons (for example, due to a reassessment of the lease term) and when there is a change in the cash flow resulting from a change in the benchmark or rate (i.e., when an adjustment for lease payments takes effect). Lessees should reassess the lease term only after a significant event or a significant change in the circumstances under the lessee's control (PWC, 2016).

After the initial recognition, the standard addresses the subsequent measuring, in which the liability is recognized at amortized cost using the effective interest method. IFRS (2016b), after analyzing suggestions from the comment letters, highlights that the reason why fair value is not used in subsequent measures is the high complexity and valuation cost, in addition to reducing comparability (in this case). There is also the case of liability repricing (changes in payments), which can occur in three ways: with changes in payments as a result of a change in the variable interest rate, with changes in the lease term or change in the valuation of the exercise of the call option (KPMG, 2017). Another aspect that aroused substantial discussion among the financial statement preparers was the variable payments, in which some suggested that it would be extremely hard, in many cases, to estimate the variable lease payments if the values depended on future sales or the use of the underlying asset and that these estimates would be subject to a high level of measuring uncertainty. Many expressed the view that, due to the extent of judgment involved, the cost of including variable lease payments and payments to be made during the optional periods in the measuring of leasing assets and liabilities would surpass the benefit for the financial statement users (IFRS, 2016b).

Following this same reasoning of subsequent measuring of liabilities, the lessee generally evaluates the asset at cost less depreciation and impairment of assets; whenever there is a remeasuring in liabilities, the value of the right of use asset is modified (IFRS, 2016). There are two situations where the asset measurement basis can be changed: if a right of use asset falls within the definition of investment property (IAS 40), it is valued at fair value or, if the entity applies the revaluation to a class of property, plant and equipment and the right of use is included in this class, it must also be remeasured.

Recognition of an asset on the lessee's balance sheet entails the need for depreciation of the asset. The depreciation rule follows the model of IAS 16 and consequently reflects the pattern in which the economic benefits are consumed. The particularity of leases is to know the depreciation period, which can vary according to two factors: whether the property is transferred to the lessee or if the lessee is reasonably certain that he will exercise the call option. Then the depreciation period will be the useful life of the underlying asset. If there is no transfer of ownership, however, the depreciation period may be the useful life of the asset or the lease period, whichever is shorter (IFRS, 2016b).

4.2 Challenges for lessors

As already mentioned, the lessor's accounting remains similar to IAS 17, where a lessor classifies a lease as finance or operating. The applied concept also follows the same logic in that leases that transfer all the risks and benefits are financial leases, and all others that do not fit into this transfer of risk are operating.

The main difference between the two models is that, under the operating lease arrangements, the lessor continues to recognize the underlying asset and does not recognize a financial asset for his right to receive lease payments. Unlike the lessee's accounting model, where there is subjectivity as from the moment the contracts that are leases or not are recognized, the term of the agreement is evaluated and the rate is defined, the lessors do not change their initial evaluations of the lease term and the call options. Lessors and lessees use the same guidance to determine the term regarding the reasonable certainty of call options. The problem is that, unlike lessees, lessors do not change the term.

Financial Statement	Finance Leasing	Operation Leasing
Financial Position	• Derecognize the underlying asset • Recognize a lease receivable	• Continues to present the underlying asset • Adds direct costs of lease to the value of the underlying asset
Financial Performance	• Recognizes the financial revenue based on the effective rate; • Revenue based on lowest between the fair value of the asset and the present value of the lease. • Sales cost based on book value of asset minus present value of the non-guaranteed residual value.	• Recognize the revenue from the lease during the lease term on a linear base. • Recognize the expenses related to the asset - Depreciation

Figure 1. Double accounting model of the leaser and its reflexes in the financial statements.

Source: elaborated by the authors based on IFRS (2016).

As for disclosure requirements, the standard also entails a substantial increase in the amount of information disclosed by lessors. In this case, the disclosure model remains segregated according to the leasing modality. For operating leases, lessors will disclose: Lease revenue for variable payments that do not depend on an index or a rate; detailed analysis of the maturities and disclosures related to the revaluation of the assets. For financial leases, the requirements are higher: Profit or loss on sale; Financial Income in the Net Investment; Financial income from lease of variable payments; Significant changes in the book value of the investment and analysis of the maturities of the payments receivable.

5. Discussion on the Changes and Challenges of IFRS 16 in the Light of Substance over Form

In the new conceptual framework whose release is expected in 2018, the primacy of substance over form has been removed from the condition of a separate component of the reliable representation, being considered a redundancy (IFRS, 2015). Although it is not a separately stated component, representation by the legal form that differs from the economic substance cannot result in a reliable representation. Thus, substance over form remains irreplaceable in the IASB standards because the reliable representation implies that there is information about the substance of an economic phenomenon rather than information about its legal aspects and format (IFRS, 2015).

This recognition of the prevalence of the accounting substance over the legal form is of great importance to Accounting as a science, because it means that the IASB explicitly recognizes that accounting standards should be subordinated to the principles of the true and fair view, the primacy of substance over form and the true and fair representation of the economic reality (Iudícibus & Martins, 2015). This means that the economic reality needs to be reflected in the financial statements in such a compulsory way that, even in the case of conflict with the standards issued, the fair representation should be preponderant, so that the objective of bringing useful information to users is achieved (Iudícibus & Martins, 2015).

Although throughout its editions and corrections, IAS 17 was considered in the literature as one of the accounting standards that most required professional judgment, it was also considered the first standard to apply the principles of substance on form, representing a great advance for Accounting (Edeigba & Amenkhienan, 2017). This breakthrough was overshadowed when some entities misapplied the standard though, which could be interpreted as potential elements of corporate fraud.

To overcome these shortcomings, the changes proposed by IFRS 16 make all leasing operations, whether operating or financial, be recognized in the assets of the lessees. For the lessors, IFRS 16 retains the previous accounting form, recognizing the asset only in the operating leasing operations. This line of reasoning provokes reflections on the concept of substance over legal form and IASB argues that it is more appropriate to the concepts established in the conceptual framework of the IASB proposed in 2015 and which is expected to come into force as from 2018.

The IASB defines an asset in its conceptual structure as a "resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity" (IFRS, 2015). Based on this definition, it is concluded that a lessee's right to use an underlying asset meets the definition of an asset for two essential reasons: first, the lessee controls the right to use the underlying asset throughout the lease term and if the lessee is able to determine how to use the underlying asset (IFRS, 2016b). By contractual agreements, in any of the leasing arrangements, once the asset is made available for use by the lessee, the lessor is unable to recover or otherwise use the underlying asset for its own purposes during the lease term, despite being the legal owner of the underlying asset. As for the economic benefits, it is known that the right of use also transfers them to the lessee (IFRS, 2016b).

The "right of use" and the leasing liability represent the main recognized equity items and entail subjectivity and challenge for accounting professionals, who will have to understand the range and substance of the standard that is based more on principles than on rules, and makes it clear at bottom that what should be taken into account is the concept of asset, and not the right of ownership. In addition, one of the main points mentioned in favor of the standard is that the existence of two different accounting models for leases, where assets and liabilities associated with leases were not recognized for operating leases, but were recognized for finance leases, meant that transactions that were economically similar could be accounted for in a very different way (IFRS, 2016b).

Although it fits into the asset definition of the current conceptual framework, questions are due about the impact of the new standard on accounting characteristics such as reliability, comparability, uniformity and verifiability. Would increasing the judgment and establishing an imbalance in the balance sheet symmetry (caused by the same good being accounted for concomitantly in balance sheets of two companies, with possibly different values and terms) not hinder the reliable representation and relevance of the financial statements?

According to the comment letters analyzed in the Basis for conclusions, users are concerned about the inconsistency of a dual model for lessors and a single model for lessees. This can be perceived when a lessee recognizes a right of use asset and a liability and the lessor continues to recognize the underlying asset and does not recognize any financial asset for the right to receive payments (KPMG, 2017).

On this lack of symmetry generated in the lessee's and the lessor's balance sheets, one can affirm based on the analysis of the section entitled "Divergent Opinions" in the Basis for Conclusions that this was the point most cited by users in the comment letters. The opinion of most commentators states that "a lessor should recognize a lease receivable and a residual asset for all leases for which a lessee recognizes a leasing liability and a right of use asset." It is also believed that "it is conceptually inconsistent to require a single accounting model for lessees while maintaining a double accounting model for lessors" (IFRS, 2016b). It should also be argued, however, that to the extent that operating leases that relate to short-term and low-value leases also satisfy the concept of an asset, they should be recognized for the same reason, claiming the same benefits.

In reviewing the IASB's proposal for IFRS 16, Biondi, Bloomfield, Glover, James and Ohlson (2011) point out that the standard fails by not determining that the lessor should reclassify the leased asset as a financial asset (or receivable), as the property is no longer under the control of the lessor. In this regard, the authors rest on the idea of symmetry, considering that transferring control of an asset to a lessee would necessarily imply a disposition of control and economic benefits on the part of the lessor. This symmetry is necessary, mainly when the lessor and lessee are part of consolidated balance sheets. The lack of symmetry between the balance sheets can cause problems even when the lessee does not recognize the lease expense, but depreciates the right related to using the asset and this is done by the lessor, who also continues to depreciate the good even if it does not remain under the entity's control (Biondi et al. 2011). Therefore, there will be problems for both consolidation and taxation purposes.

This dual accounting of the same asset in two different balance sheets then generates a controversy for the recognition of assets, which should be done using the same conceptual logic, respecting the reliable representation for the recognition of balance sheet items. This reliable representation of accounting elements also requires the concept of True And Fair View, which states that a true and fair view of the economic and financial situation of the business and results, including any legal and regulatory provisions, must prevail in the financial statements (Dantas, Rodrigues, Niyama & Mendes, 2017). Therefore, many questions remain about the possibility that IFRS 16 does not result in the fairer form of the leasing companies' economic situation, for example, that they continue to recognize the leased asset, even if it no longer satisfies the concept of an asset, and without recognizing the right of reception as a financial asset.

In analyzing the comment letters, the IASB notes that some stakeholders are concerned that IFRS 16 may introduce some elements of subjectivity due to differences in the approach the lessees adopt in determining the lease term, and that some lessees may change the leasing modality to short-term to take advantage of the exemption from the standard. On this, the study by Efrag (2017) states that there would be a higher cost associated with these types of leases, and that these cases may represent only about 13% of the lessees who might be motivated to change a substantial part of their leasing portfolios to short-term leases.

Single costs of compliance with the standard should be treated as an unrecoverable cost. For the IASB (2016), the costs involved in creating new accounting systems and processes, staff training, will need to be sufficient to develop a continuous basis of procedures to enable the company to: identify effectively and reliably which contracts are or contain leasing, then make the separation between the lease and non-lease (service contracts) components, determine the term of each contract based on what is expected for a "non-cancellable" term; and, finally, determine the appropriate discount rate.

Perhaps the most important aspect of the standard is to note that IFRS 16 between the many lines requires judgment in the accounting treatment and measuring by the lessees in the terms listed in the paragraph above. On the one hand, the ability to apply some judgment allows companies to apply the new rules in a way that best reflects their own circumstances (for example, determining a time frame that better reflects the economic benefits than the term contractually agreed upon); on the other hand, rules that require greater professional judgment may increase the costs of complexity and, consequently, require greater preparation of accountants and staff (Efrag, 2017).

This negative point in relation to greater openness to professional judgment revolves around the IASB's proposal to have principle-based rather than rule-based standards. For some authors (Paulo, Carvalho & Girão, 2014; Martins et al., 2013; Niyama, Mota, Oliveira & Paulo, 2016), accounting has migrated towards the adoption of standards based on principles, and this represents a trend that has been reinforced by the IASB.

There are various advantages of standards such as IFRS 16 being based on principles, with some common characteristics that are clearly perceived in IFRS 16: They do not determine how to do it, but how to decide what needs to be done (e.g. the standard does not explicitly determine when a contract is or is not a lease, but clarifies broad features to recognize it as such); uses the True and Fair View (TFV) concept (to determine which operating or financial lease modalities meet the same purpose and concept of assets in the leasing company); it seeks the best expression of the economic and financial reality, necessitating at certain moments to use estimates in the measuring and/or disclosure process (for example, the determination of the rate to estimate the leasing liability); the substance of the transaction or economic event is preferable to the legal form; the accounting professional uses his or her value judgment more often; and, a greater degree of freedom to present information (Paulo, Carvalho & Girão, 2014).

6. Final Considerations

The main reason for the implementation of IFRS 16 is to increase the transparency and the reliable representation of the accounting information. To identify the main challenges and impacts of the standard that will soon be in force, this research made a theoretical survey, using the documents published by the IASB and other empirical research to indicate the main changes proposed in the lessee and the lessor, also analyzing the possible costs and benefits cited in the current Brazilian and international literature.

Clarifying the reasons why many considered IAS 17 to be open to manipulation, lacking uniformity and not depicting the substance of transactions, the IASB's argument and effort is clear to draw up a standard with proposals for more transparent accounting information as a result of years of study.

The main challenges the standard poses are perceived by the lessees. The single accounting model entails a number of subjectivities that start with the On/Off balance sheet test, which brings concepts to identify whether the contract is or contains leasing. Subsequently, subjectivity in identifying and separating leasing components from non-leasing components of a contract may be a complex exercise, which will require more information to be made available by the lessor, and/or the use of an independent baseline price for that lease. As well as the determination of the lease term (due to the non-cancellable period) and the discount rate to recognize the liability at present value.

At the macro level, the impact of the standard is mainly due to changes in financial measures (e.g. EBTDA, ROE, ROA); new estimates and greater judgment; balance sheet volatility (more changeable assets and liabilities); and changes in contractual conditions and business practices (those that rely on financial indicators as a contractual warranty clause or to provide financial incentives or employee compensation).

The increase in the subjectivity of the standard also represents a great challenge, as it requires greater professional judgment for the measuring and recognition of the leases. The argument is that, for principle-based standards, there is a discussion that tends to prioritize principle-based standards as they increase the transparency and quality of information. It is in this sense that the IASB has been working on the issue of its new standards (Niyama et al., 2016). Although early adoption of the standard in Brazil is not yet possible, companies should prepare and invest in adoption strategies, studying and considering all the impacts that the recognition of operating leases will cause in their financial statements.

IFRS 16 represents a major step in international accounting as, considering that leases (with the exception of short-term and low-value leases) substantially carry assets and liabilities in accordance with the IASB's conceptual framework, recognizing them in the financial statements offers a number of benefits. Nevertheless, further reflection is due on possible problems the lack of symmetry in the lessor and lessee's models can cause to accounting, considering that, in substance, the same transaction is being recognized in different ways for the parts of the operation, which causes lack of comparability and consistency.

Therefore, it is necessary to recognize the progress of the standar in worrying about eliminating the weaknesses of IAS 17, a standard that is subject to manipulations and presents transparency failures when it omits a large amount of unreported debts. It is also necessary to discuss a possible regression of the standard with respect to the primacy of substance over form though, which is being proposed in the accounting treatment of leasing in the leasing companies, but not in the lessors.

References

Associação Brasileira de Leasing (Abel) (2018). Leasing: Informação sobre o setor no contexto de crédito no Brasil. Recuperado em 13 de abril, 2018. de http://www.leasingabel.com.br/wp-content/uploads/2018/06/Informacoes-do-Setor-no-Contexto-do-Credito-no-Brasil_Abril_2018.pdf

Arroziom, M. M., Gonzales, A. & Silva, F. L. (2016). Alterações nos Indicadores Financeiros das Companhias do setor de Atacado e Varejo decorrentes da Nova Contabilização do Arrendamento Mercantil

Operacional. *Revista Eniac Pesquisa*, *5*(2). doi: http://dx.doi.org/10.22567/rep.v5i2.380.

Akbulut, D. H. (2017). The Effects of Operating Leases Capitalization on Financial Statements and Accounting Ratios: A Literature Survey. *Regional Studies on Economic Growth, Financial Economics and Management.* doi: https://doi.org/10.1007/978-3-319-54112-9_1.

Biondi, Y., Bloomfield, R. J., Glover, J. C., James, K. J. & Ohlson, J. A. (2011) A Perspective on the Joint IASB/FASB Exposure Draft on Accounting for Leases. *Accounting Horizons, 25*(4), pp. 861-871. doi: https://doi.org/10.2308/acch-50048.

Batista, E. B. O &; Formigon, I, H. (2013). Arrendamento mercantil operacional: as mudanças propostas pelos organismos internacionais e seus efeitos nas empresas brasileiras. *Revista Evidenciação Contábil & Finanças, 1*(2), pp. 22-37. Recuperado em 01 de julho, 2018, de .http://www.periodicos.ufpb.br/ojs/index.php/recfin/article/view/16900/9896 (autor colocar) - o autor não colocou

Barbosa G. C., Barros, F. O., Niyama J. K. & Souza, L.M. (2011) Impacto da contabilização do leasing operacional no balanço patrimonial: o caso das Cias. aéreas brasileiras TAM e GOL. *Enfoque – Reflexão Contábil, Universidade Estadual de Maringá*, *30*(1), pp. 21-34. doi: https://doi.org/10.4025/enfoque.v30i1.13178.

Brasil. Lei nº 12.973, de 13 de maio de 2014. Altera a legislação tributária federal relativa ao Imposto sobre a Renda das Pessoas Jurídicas - IRPJ, à Contribuição Social sobre o Lucro Líquido - CSLL, à Contribuição para o PIS/Pasep e à Contribuição para o Financiamento da Seguridade Social - Cofins; revoga o Regime Tributário de Transição – RTT. Recuperado em 31 de julho, 2018, de http://www.planalto.gov.br/ccivil_03/_Ato2011-2014/2014/Lei/L12973.htm.

Cornaggia, K. J. Franzen, L. A. Simin, T. T. (2013) Bringing leased assets onto the balance sheet. *Journal of Corporate Finance. 22*(2), pp. 345-360. doi: https://doi.org/10.1016/j.jcorpfin.2013.06.007 .

Comitê de Pronunciamentos Contábeis (CPC). (2017). Pronunciamento Técnico CPC 06 (R2) – Operações de Arrendamento Mercantil. Recuperado em 01 de agosto, 2018, de http://cpc.org.br/CPC/Documentos-emitidos/Pronunciamentos/Pronunciamento?Id=37.

Comitê de Pronunciamentos Contábeis (CPC). (2016). Pronunciamento Técnico CPC 47 – Receita de Contrato com Cliente. Recuperado em 01 de agosto, 2018, de http://cpc.org.br/CPC/Documentos-Emitidos/Pronunciamentos/Pronunciamento?Id=105.

Comissão de Valores Imobiliários (CVM). (2017). Deliberação CVM nº 787 de 21 de dezembro de 2017. Aprova o Pronunciamento Técnico CPC 06 (R2) do Comitê de Pronunciamentos Contábeis, que trata de operações de arrendamento mercantil. Recuperado em 01 de agosto, 2018, de http://www.cvm.gov.br/legislacao/deliberacoes/deli0700/deli787.html.

Dantas, J. A., Rodrigues, F. F., Niyama, J. J. & Mendes, P. C. M. (2010). Normatização contábil baseada em princípios ou em regras? Benefícios, custos, oportunidades e riscos. *Revista de Contabilidade e Organizações. 4*(9), pp. 3-29. doi: http://dx.doi.org/10.11606/rco.v4i9.34765

Edeigba, J. & Amenkhienan, F. (2017). The Influence of IFRS Adoption on Corporate Transparency and Accountability: Evidence from New Zealand, Australasian Accounting. *Business and Finance Journal*, *11*(3), pp. 3-19. doi: https://doi.org/10.14453/aabfj.v11i3.2.

European Financial Reporting Advisory Group (2017), Ex ante impact Assessment of IFRS 16. Recuperado em 10 de janeiro, 2018, de https://www.efrag.org/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FSiteAssets%2FIFRS%252016%2520-%2520Europe%2520Economics%2520-%2520Ex%2520ante%2520Impact%2520Assessment%2520%2822%2520February%25202017%29.pdf&AspxAutoDetectCookieSupport=1.

Financial Accounting Standards Board (FASB) (1976). SFAS 13: Accounting for Leases. Recuperado em 31 de julho, 2018, de: http://www.fasb.org/cs/BlobServer?blobcol=urldata&blobtable=MungoB-

lobs&blobkey=id&blobwhere=1175818759901&blobheader=application%2Fpdf.

Instrução Normativa Secretaria da receita Federal n.º 1.700, de 14 março, 2017. Recuperado em 8 de junho, 2018, de http://normas.receita.fazenda.gov.br/sijut2consulta/link.action?idAto=81268&visao=anotado.

Instrução Normativa Secretaria da Receita Federal n.º 1.755, de 31 de outubro de 2017. Recuperado em 31 de julho, 2018, de: http://normas.receita.fazenda.gov.br/sijut2consulta/link.action?visao=anotado&idAto=87637.

Instrução Normativa Secretaria da receita Federal n.º 1.771, de 20 de dezembro de 2017. Recuperado em 31 de julho, 2018, de: http://normas.receita.fazenda.gov.br/sijut2consulta/link.action?idAto=88842&visao=anotado.

International Accounting Standard (IAS) (1982). IAS 17: Leases. [Em linha]. Recuperado em 31 de julho, 2018, de http://www.ifrsclass.com/gaap/ias/ias-17.htm.

International Accounting Standard (IAS) (1980). Exposure Draft 19: Accounting for Leases. [Em Linha]. Recuperado em 31 de julho, 2018, de https://www.iasplus.com/en/standards/ias/ias17.

International Financial Reporting Standards (IFRS) (2016). Exposure Draft Leases (ED/2013/6). [Em linha]. Recuperado em 18 de janeiro, 2018, de http://www.ifrs.org/Current-Projects/IASB-Projects/Leases/Exposure-Draft-May-2013/Documents/ED-Leases-Standard-May-2013.pdf

International Financial Reporting Standards (IFRS) (2016a). IFRS 16 Leases: Effects analysis. [Em linha]. Recuperado em 16 de janeiro, 2018, de http://www.ifrs.org/-/media/project/leases/ifrs/published--documents/ifrs16-effects-analysis.pdf

International Financial Reporting Standards (IFRS) (2016b). IFRS 16 Leases: Basis for Conclusions. [Em linha]. Recuperado em 16 de janeiro, 2018, de http://www.ifrs.org/-/media/project/leases/ifrs/published--documents/ifrs16-basisforconclusions.pdf.

International Accounting Standards Board (IASB) (2015). Conceptual Framework for Financial Reporting, 2015. Recuperado em 16 de janeiro, 2018, de: http://http://www.ifrs.org/Current-Projects/IASB-Projects/Conceptual-Framework/Pages/Conceptual-Framework-Summary.aspx.

International Financial Reporting Interpretations Committee (IFRIC) (2004). Determining Whether an Arrangement Contains a Lease IFRIC 4. [Em linha]. Recuperado em 31 de julho, 2018, de: https://www.iasplus.com/en/standards/ifric/ifric4.

Iudícibus, S. & Martins, E. A. (2015). Estudando e Pesquisando Teoria: O futuro chegou? *Revista Universo Contábil. 11* (1), pp. 06-24. doi: https://doi.org/10.4270/ruc.2015101.

Gallon, A. V., Crippa, M., Gois, A. F. & Luca, M. M. M. (2012). As mudanças no tratamento contábil do leasing e seus reflexos nos indicadores econômico-financeiros das companhias aéreas brasileiras. *Revista de Finanças Aplicadas. São Paulo, 1*, pp. 1-18.

Khan, S., Anderson, M., Warsame, H. & Wright, M. (2015). Do IFRS Based Earnings Announcements Have More Information Content than Canadian GAAP Based Earnings Announcements? *Accounting Perspectives, 14*(3), pp. 276-302. doi: https://doi.org/10.1111/1911-3838.12052

KPMG. (2016) IFRS em Destaque 02/2016: IFRS 16 Arrendamento. Recuperado em 16 de janeiro, 2018, de https://home.kpmg.com/br/pt/home/insights/2016/04/ifrs-em-destaque-02-2016-primeiras-impressoes.html .

Lloyd, S. (2016). Investor perspectives - A new lease of life. Recuperado em 20 de janeiro, 2018, de https://dart.deloitte.com/resource/1/e93ed2dc-3f2f-11e6-95db-b1f180414c3d.

Martins, V. G., Silva Filho, A. C. C., Girão, L. F. A. P. & Niyama, J. K. (2013). Reflexos da capitalização do leasing operacional nos indicadores de estrutura de empresas do subsetor de transportes listadas na Bovespa. *Sociedade, Contabilidade & Gestão, 8* (3), pp. 21-36.

Moura, C. M. (2017). Análise do grau de evidenciação do arrendamento mercantil pelas empresas listadas no Ibovespa. Monografia de Graduação em Ciências Contábeis, Universidade Federal de Uberlândia, MG, Brasil.

Niyama, J. K. & Silva, C. A. T. (2013). Teoria da Contabilidade. (3ª. Ed.). São Paulo: Atlas.

Niyama, J. K., Mota, R. H. G., de Oliveira, A. F. & Paulo, E. (2016). Normas baseadas em princípios e regras: uma análise comparativa das normas do IASB e Fasb. *Revista Ambiente Contábil, 8*(2), pp. 19-28.

Paulo, E., De Carvalho, L. N. G.; & Girão, L. F. A. P. (2014) Algumas questões sobre a normatização contábil baseada em princípios, regras e objetivos. *Revista Evidenciação Contábil & Finanças, 2*(2), pp. 24-39. doi: https://doi:10.18405/RECFIN20140202.

PWC (2016). IFRS 16: The leases standard is changing Are you ready? Recuperado em 20 de janeiro, 2018, de https://www.pwc.co.uk/assets/pdf/ifrs-16-the-leases-standard-is-changing.pdf.

Ribeiro, D. M., Reis, E. M.; & Pinheiro, L. E. T. (2014). Impacto da mudança contábil no reconhecimento de ativos nas operações de arrendamento mercantil. *Revista Universo Contábil*, *10*(2), pp. 84-104.

Sacarin, M. (2017), IFRS 16 “Leases” – consequences on the financial statements and financial indicators. *Audit Financiar*, *15*(1) pp. 114-122, doi: https://doi:10.20869/AUDITF/2017/145/114.

Standing Interpretations Committee (SIC) (1999). SIC-15 Operating Leases—Incentives. [Em linha]. Recuperado em 01 de agosto, 2018, de https://www.ifrs.org/issued-standards/list-of-interpretations/sic-15-operating-leases-incentives.

Standing Interpretations Committee (SIC) (1999). SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. [Em linha]. Recuperado em 01 de agosto, 2018, de https://www.ifrs.org/issued-standards/list-of-interpretations/sic-27-evaluating-the-substance-of-transactions-involving-the-legal-form-of-a-lease.

Xu, W., Davidson, R. A. & Cheong, C. S. (2017). Converting financial statements: operating to capitalised leases”, Pacific Accounting Review, *29*(1), pp. 34-54.