



Post-implementation Review of Tier 2 and the Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities and Further Update of Tier 2

Project summary

In September 2025, the Australian Accounting Standards Board (AASB or Board) issued **ITC 56** *Post-implementation Review of Tier 2 and the Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities and Further Update of Tier 2*. ITC 56 contained two sections:

- **Section 1:** to conduct a post-implementation review (PIR) of:
 - AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*; and
 - AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*; and
- **Section 2:** to seek feedback on whether changes to Tier 2 reporting requirements are warranted in light of recent developments in accounting standards, including:
 - potential amendments to AASB 1060 based on the third edition of the *IFRS for SMEs Accounting Standard*;
 - the potential effects of AASB 18 *Presentation and Disclosure in Financial Statements* on AASB 1060; and
 - the possible adoption of in IFRS 19 *Subsidiaries without Public Accountability: Disclosures*.

Project contacts

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Project priority: High

Project

Status

- | | |
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| ▪ Section 1: PIR of AASB 1060 and AASB 2020-2: | Preparing Feedback Statement. |
| ▪ Section 2 – Project A: Aligning AASB 1060's classification and presentation requirements with those in AASB 18: | Preparing Exposure Draft. |
| ▪ Section 2 – Project B: Additional disclosures and possible adoption of IFRS 19: | Continuing targeted outreach activities and reviewing feedback received on ITC 56. |

The staff of the AASB have prepared this summary for information purposes only. The Board decisions described are tentative and do not change current accounting pronouncements unless otherwise indicated. Official positions of the AASB are determined only after extensive due process and deliberations. While this summary is regularly updated, it does not provide a comprehensive review or statement of events and should not be treated as such.

Issued documents

- Invitation to Comment [ITC 56](#)
- [Appendices Re ITC 56](#)
 - Appendix 2.1.A *Amendments to the IFRS for SMEs Accounting Standard with limited effect – recommendations for amending AASB 1060* (starting on page 1)
 - Appendix 2.1.B *Amendments to the IFRS for SMEs Accounting Standard with limited effect – recommendations for not amending AASB 1060* (starting on page 27)
 - Appendix 2.2.D Editorial amendments to AASB 1060 to align with AASB 18 terminology and paragraph references (starting on page 45)
- A series of four short webcasts supporting ITC 56:
 - Webcast 1: [Post-Implementation Review of AASB 1060 and AASB 2020-2](#)
 - Webcast 2: [Proposed updates to AASB 1060 following changes to the IFRS for SMEs Accounting Standard](#)
 - Webcast 3: [New presentation and disclosure requirements in AASB 18 and the effect on AASB 1060](#)
 - Webcast 4: [The possible adoption of IFRS 19 in Australia](#)

AASB outreach

- In-person and virtual outreach activities conducted in November 2025
- Targeted outreach with users of Tier 2 financial statements

Board deliberations

- [AASB Action Alert Update and Board Papers](#)

AASB communications

- Latest News '[Review of AASB 1060 & AASB 2020-2](#)'

Project news	
Date	News
Mar 2026	Mar 2026 Action Alert
Feb 2026	Feb 2026 Action Alert
May 2025	May 2025 Action Alert

AASB Action Alert Update and Board Papers	
Meeting Date	Update
Mar 2026	Section 1: Post-implementation Review of AASB 1060 and AASB 2020-2 The Board completed Step 4 of the Post-implementation Review (PIR) process – consideration of feedback and evidence to determine next steps – for the PIR of AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i> and AASB 2020-2 <i>Amendments to Australian Accounting Standards</i> –

AASB Action Alert Update and Board Papers

Meeting Date	Update
	<p data-bbox="368 315 1385 383"><i>Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.</i></p> <p data-bbox="368 421 1473 593">The Board reviewed the feedback received and evidence gathered on Section 1 of Invitation to Comment ITC 56 <i>Post-implementation Review of Tier 2 and the Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities and Further Update of Tier 2</i> (September 2025), as well as feedback from other outreach activities and other evidence gathered to inform the PIR.</p> <p data-bbox="368 631 879 663">After considering the feedback, the Board:</p> <ul style="list-style-type: none"> <li data-bbox="368 683 1390 750">(a) concluded that both AASB 1060 and AASB 2020-2 are operating effectively and meeting their intended objectives; <li data-bbox="368 770 1422 907">(b) concluded that the optional transition relief that was available to support entities transitioning to AASB 1060 from either special purpose financial statements or general purpose financial statements (Tier 1 or the previous Tier 2 framework) achieved the Board’s objectives; <li data-bbox="368 927 1461 1030">(c) decided to continue with its existing approach to maintaining AASB 1060, which is to update the Standard as appropriate when changes are made to Tier 1 disclosure requirements in other Standards; and <li data-bbox="368 1050 1477 1644">(d) decided not to take any immediate action in response to other matters raised by stakeholders, including: <ul style="list-style-type: none"> <li data-bbox="443 1140 1465 1276">(i) ongoing concerns about the costs of preparing Tier 2 general purpose financial statements for smaller for-profit private sector and public sector entities – staff will continue to monitor these concerns through other outreach activities, including the 2027–2031 Agenda Consultation; <li data-bbox="443 1296 1458 1400">(ii) the application of AASB 1060 in the public sector, which is more appropriately addressed through the Board’s Public Sector Financial Reporting Framework project; <li data-bbox="443 1420 1374 1556">(iii) whether AASB 1060 should include an explicit requirement to disclose individually material items of income and expense, along with drafting improvements, which will be considered by the Board in relation to the feedback on Section 2 of ITC 56 (i.e. the review of Tier 2); and <li data-bbox="443 1576 1458 1644">(iv) feedback on the usefulness of transition relief and potential enhancements to future education materials, which the Board noted for future projects. <p data-bbox="368 1664 1426 1731">The Feedback Statement on Section 1 of ITC 56 is expected to be published on the AASB website in the second half of this year, which will conclude the PIR project.</p> <ul style="list-style-type: none"> <li data-bbox="368 1751 1050 1783"><u>5.0</u> Cover Memo – PIR of AASB 1060 and AASB 2020-2 <li data-bbox="368 1803 1445 1870"><u>5.1</u> Staff analysis of the feedback received on Section 1 of ITC 56 (PIR of AASB 1060 and AASB 2020-2) <li data-bbox="368 1890 831 1921"><u>5.2</u> Evidence used to inform the PIR <li data-bbox="368 1942 1461 2009"><u>5.3</u> Detailed summary of feedback received on Section 1 of ITC 56 (PIR of AASB 1060 and AASB 2020-2) <li data-bbox="368 2029 810 2060"><u>5.6</u> Written submissions on ITC 56

AASB Action Alert Update and Board Papers

Meeting Date	Update
	<p>Section 2: AASB 1060 Review</p> <p>The Board continued deliberating the alignment of the presentation and classification requirements in AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i> with those in AASB 18 <i>Presentation and Disclosure in Financial Statements</i>. This alignment was strongly supported by initial feedback on Section 2 of ITC 56, which the Board considered at its previous meeting.</p> <p>The Board decided to:</p> <ul style="list-style-type: none"> (a) issue an exposure draft (ED) proposing to amend the presentation and classification requirements in AASB 1060 to align with those in AASB 18; (b) include the relevant AASB 18 guidance in a new Appendix B to AASB 1060; (c) replace the existing guidance on presentation and classification requirements in AASB 1060 with a reference to the guidance in the new Appendix B to AASB 1060; (d) set a comment period of 90 days for the ED; and (e) finalise the ED through a subcommittee for publication. <p>7.1 Consider how AASB 18 application guidance should be included in AASB 1060</p> <p>7.2 Summary of Board Decisions</p> <p>7.3 Working Draft ED version 1.1 - with track changes showing amendments not related to the application guidance</p> <p>7.4 Working Draft ED with application guidance included in new Appendix B - Preview of Option 2</p> <p>7.5 Working Draft ED with application guidance included in the body - Preview of Option 3</p>
Feb 2026	<p>Section 2: AASB 1060 Review</p> <p>The Board considered initial stakeholder feedback from the three roundtable sessions held in November 2025 on Section 2 of Invitation to Comment ITC 56 <i>Post-implementation Review of Tier 2 and the Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities and Further Update of Tier 2</i>. Feedback from the broader outreach activities and submission letters on all aspects of ITC 56 will be presented at a future meeting. The purpose of the early update was to highlight two key themes emerging from the feedback:</p> <ul style="list-style-type: none"> (a) strong support for aligning AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i> with the presentation and classification requirements in AASB 18 <i>Presentation and Disclosure in Financial Statements</i>. The stakeholder feedback emphasised the importance of amending AASB 1060 in time for early application by Tier 2 entities that wished to align their financial statement presentation with Tier 1 entities applying the requirements of AASB 18; and (b) mixed views on the additional disclosure requirements proposed in ITC 56 for AASB 1060 – some stakeholders recommended that the Board addresses the need for additional disclosures with Australian users of Tier 2 financial statements.

AASB Action Alert Update and Board Papers

Meeting Date	Update
	<p>The Board approved prioritising work on aligning the presentation and classification requirements of AASB 1060 with AASB 18. In addition, the Board agreed to extend the outreach activities to seek additional evidence from users of Tier 2 financial statements on the need for additional disclosures.</p> <p>3.1 Initial summary of feedback received from roundtables on section 2 of ITC 56</p>
<p>May 2025</p>	<p>The Board decided on the structure, general content and questions for stakeholders for an Invitation to Comment (ITC) to be issued as part of a review of AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i>. The ITC is expected to be issued in Q3 2025 with a 120-day comment period. The ITC will have two sections, as described below.</p> <p>(a) Section A: Post-implementation Review (PIR) of AASB 1060 and AASB 2020-2 <i>Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For Profit Private Sector Entities</i> will seek feedback about whether AASB 1060 and AASB 2020-2 are operating as intended and are effectively and efficiently meeting their original objectives.</p> <p>(b) Section B: Review of AASB 1060 will seek feedback about whether AASB 1060 should be updated due to the issue of new Standards and changes made by the IASB to the <i>IFRS for SMEs Accounting Standard</i>, which was used as a base for developing AASB 1060. This section will consist of the following topics:</p> <ul style="list-style-type: none"> ○ Topic 1: Consideration of amendments made to the <i>IFRS for SMEs Accounting Standard</i> and whether similar amendments should be made to AASB 1060; ○ Topic 2: Consideration of the potential effects of AASB 18 <i>Presentation and Disclosure in Financial Statements</i> on AASB 1060; and ○ Topic 3: Consideration of the potential effects of IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i> on AASB 1060. <p>8.0 Cover Memo: AASB 1060 Review</p> <p>8.1 PIR of AASB 1060 and AASB 2020</p> <p>8.2 Consider potential amendments to AASB 1060 resulting from amendments to <i>IFRS for SMEs</i>.</p> <p>8.3 Consideration of the potential effects of AASB 18 on AASB 1060</p> <p>8.4 Consideration of disclosure requirements in IFRS 19</p>