



Need to know

IASB proposes amendments to the fair value option for investments in associates and joint ventures

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This *Need to know* outlines the proposed amendments to IAS 28 *Investments in Associates and Joint Ventures* set out in Exposure Draft (ED) *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures*, published by the International Accounting Standards Board (IASB) on 19 February 2026.

- Currently, IAS 28 permits an entity to elect to measure an investment in an associate or a joint venture at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments* if the investment is held by a venture capital organisation, or a mutual fund, unit trust and 'similar entities', including investment-linked insurance funds.
- The IASB is proposing to amend IAS 28 to clarify that 'similar entities' include those that have a main business activity of investing in particular types of assets (as set out in paragraph 49(a) of IFRS 18 *Presentation and Disclosure in Financial Statements*).
- The IASB proposes that an entity apply the amendments at the same time as it applies IFRS 18, using an existing transition provision of IFRS 18 addressing use of the fair value option.
- The comment period ends on 20 April 2026.

Background

IAS 28 permits an entity to elect to measure an investment in an associate or a joint venture at fair value through profit or loss in accordance with IFRS 9 if the investment is held by a venture capital organisation, or a mutual fund, unit trust and similar entities, including investment-linked insurance funds.

Following feedback from stakeholders, particularly in the insurance industry, about diversity in the application of this election and its effects on the classification of income and expenses in the statement of profit or loss under IFRS 18, the IASB added to its work plan a project to explore narrow-scope amendments to clarify which entities are eligible to measure investments in associates and joint ventures using the fair value option in IAS 28.

For more information please see the following websites:

www.ukaccountingplus.co.uk

www.deloitte.co.uk

The proposed amendments

The IASB proposes amending IAS 28 to clarify that an entity that has a main business activity of investing in particular types of assets (as set out in IFRS 18:49(a)) is a 'similar entity' eligible to apply the fair value option in IAS 28.

Observation

The proposed amendments would delete the example of an investment-linked insurance fund currently included in IAS 28:18. This is proposed on the basis that if the notion of a 'similar entity' is clarified by reference to the main business activity requirements of IFRS 18, inclusion of that specific example becomes unnecessary.

Effective date, transition and comment period

The IASB proposes that an entity should apply the amendments at the same time and on the same basis as it applies IFRS 18. If an entity has elected to apply IFRS 18 for an earlier period in accordance with IFRS 18:C1, and that earlier period begins before the issuance of these amendments, the entity is required to apply the amendments, in accordance with IFRS 18:C7, from the beginning of the reporting period starting on or after the issuance of the amendments.

Comments are requested by 20 April 2026.

Further information

If you have any questions about the proposed amendments, please speak to your usual Deloitte contact.

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