

IFRS Adviser Alert

Hyperinflationary countries – Update for periods ending
December 31, 2025

January 2026

Executive summary

From December 31, 2025, there are 12 countries around the world whose economies will be considered hyperinflationary. Entities whose functional currency is the currency of one of these countries and that have December 31, 2025, reporting requirements will have to reflect the requirements of IAS 29 *Financial Reporting in Hyperinflationary Economies* in their IFRS financial statements.

Situation

According to the October 2025 *World Economic Outlook* (WEO) publication issued by the International Monetary Fund (IMF) and based on economic conditions that currently exist, certain countries will be considered to be hyperinflationary at December 31, 2025. Therefore, reporting entities in those countries will be required to apply IAS 29. Consequently, any entities with interim or annual financial reporting requirements as at December 31, 2025, or thereafter should reflect the requirements of IAS 29 in their financial statements prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards).

The main change relates to three countries previously considered hyperinflationary. The WEO report identifies that Ghana, Lao PDR and Suriname are no longer considered hyperinflationary as of December 31, 2025, due to the predicted decline in inflation numbers from the succeeding three-year period from December 31, 2025.

From December 31, 2025, onwards, there are 12 countries around the world where IAS 29 should be applied when entities whose functional currency is the currency of one of these countries want to state their IFRS financial statements are in full compliance with IFRS Accounting Standards. These countries are Argentina, Burundi, Haiti, Iran, Lebanon, Malawi, Sierra Leone, South Sudan, Sudan, Turkey, Venezuela and Zimbabwe.

Countries that will continue to be monitored include Angola, Egypt, Myanmar and Nigeria. For the time being, they are not considered hyperinflationary, but we will be keeping a close eye on further inflation data from these countries.



Countries that could potentially have hyperinflationary economies due to their past inflationary trends but lack reliable information include Syria and Yemen. Entities in these countries should consider the information available at the reporting date to determine whether IAS 29 is applicable.

IFRIC decisions relating to hyperinflation

The IFRS Interpretations Committee (IFRIC) has previously considered a number of accounting issues in relation to dealing with hyperinflation. These include the following items:

- Translating a hyperinflationary foreign operation and presenting exchange differences;
- Accounting for cumulative exchange differences before a foreign operation becomes hyperinflationary;
- Presenting comparative amounts when a foreign operation first becomes hyperinflationary; and
- Consolidation of a non-hyperinflationary subsidiary by a hyperinflationary parent.

We encourage careful consideration of these issues when preparing IFRS financial statements and applying IAS 29.

Our thoughts

IAS 29 is not a standard that can be quickly implemented, particularly in group situations. Careful consideration needs to be given to the IFRIC guidance dealing with situations where there is a hyperinflationary parent that has subsidiaries that also report in a hyperinflationary currency versus situations where a non-hyperinflationary parent has subsidiaries that report in a hyperinflationary currency. Also, be mindful of how a hyperinflationary parent with subsidiaries that do not report in a hyperinflationary currency should be accounted for given the requirements set out in IAS 21 *The Effects of Changes in Foreign Exchange Rates*.

Any reporting entities considering IAS 29 for the first time will have to adapt their existing accounting systems to be able to process the hyperinflationary adjustments. It is important they understand the mechanics of adjusting for hyperinflation so they can restate in their financial statements both current and comparative periods.

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