

IFRS Adviser Alert

IASB issues amendments to IAS 28 on the use of the fair value option

July 2026

Executive summary

The International Accounting Standards Board (IASB) has issued amendments to IAS 28 *Investments in Associates and Joint Ventures* to clarify which investments in associates and joint ventures are eligible to be measured using the fair value option. The amendments link closely with the new concept of investing in certain types of assets as a specified main business activity that has been introduced by IFRS 18 *Presentation and Disclosure in Financial Statements*. The amendments will be effective from the same date a reporting entity first applies IFRS 18.

Background

These amendments were made following feedback from the insurance industry, which indicates there is current diversity in practice when interpreting who is eligible to apply the fair value option in IAS 28. Without these amendments, when IFRS 18 is applied, further diversity would arise when classifying income and expenses in the statement of profit or loss. The IASB therefore developed these narrow-scope amendments to address diversity in interpretation and clarify the circumstances in which the fair value option can be used. Although the issue arose due to feedback from the insurance sector, it is important to note the amendments will need to be considered by any entities that may apply the fair value option, regardless of sector.

Summary of amendments

The original text of IAS 28 allowed a reporting entity to apply the fair value option to investments that were “held by, or held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds.”

The amendments clarify explicitly that “similar entities” include entities that have a specified main business activity of investing in particular types of assets that are defined in IFRS 18.

Effective date and transition

The amendments to IAS 28 will be applied by an entity in the first reporting period in which it applies IFRS 18 (including if an entity elects to adopt IFRS 18 early).

Our thoughts

We are supportive of these new amendments and agree that it adds greater clarity to the requirements of IAS 28. Greater linkage to IFRS 18 will be beneficial when entities begin to apply that standard from the start of 2027.

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