



**Organismo Italiano di Contabilità – OIC  
(The Italian Standard Setter)**

E-mail: [presidenza@fondazioneoic.eu](mailto:presidenza@fondazioneoic.eu)

IFRS Interpretations Committee  
Columbus Building  
7 Westferry Circus  
Canary Wharf  
London E14 4HD  
United Kingdom  
[ifric@ifrs.org](mailto:ifric@ifrs.org)

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**Re: IFRS Interpretations Committee tentative agenda decision on Recognition of Intangible Assets Resulting from Climate-related Expenditure (IAS 38 Intangible Assets)**

Dear Mr Mackenzie,

We are pleased to have the opportunity to provide our comments on the IFRS Interpretations Committee ("the Committee") tentative agenda decision on *Recognition of Intangible Assets Resulting from Climate-related Expenditure (IAS 38 Intangible Assets)* (hereafter "TAD") included in the November 2024 IFRIC Update.

We disagree with the IFRS IC TAD because it could be misinterpreted as meaning that there is no need for the IASB to address the issue of distinguishing between research and development costs, particularly in the context of climate change.

Our stakeholders, in different occasions, called for a review of the criteria in IAS 38 *Intangible Assets* to assess whether internally generated intangible assets qualify for recognition, because the distinction between research phase and development phase is very judgmental. We note that some entities are incurring significant costs in order to reduce their emissions (eg Carbon Capture and Storage projects) and it is not clear whether these costs qualify for recognition.

In addition, we note that the IASB added to its workplan a research project related to IAS 38 which, unlike the project on pollutant pricing mechanisms (PPM), is not mentioned in the



TAD. The Intangible Assets project will assess whether the requirements of IAS 38 remain relevant and continue to fairly reflect current business models or whether the IASB should improve the requirements.

We support the IASB's decision to add the Intangible Assets to its workplan, because the current requirements of IAS 38 were developed in a different economic context than the current one and could penalise companies that are investing in research and development to reduce their CO2 emissions.

In our view, the IFRS IC should not finalise its tentative decision and should recommend that the IASB address this issue in the IAS 38 project. This would be consistent with the approach followed by the Committee on the submission's question about the accounting for carbon credits.

Should you need any further information, please do not hesitate to contact us.

Yours sincerely,  
Michele Pizzo  
(Chairman)

A handwritten signature in black ink, appearing to be 'M. Pizzo', is written over the typed name 'Michele Pizzo'.