

IPSAS-PSAS Comparison

This comparison document was developed to help interested and affected parties identify significant differences between the International Public Sector Accounting Standards (IPSAS) and Canadian Public Sector Accounting Standards (PSAS). This document supports the Public Sector Accounting Board's (PSAB) commitment to engage with and educate interested and affected parties as part of the International Strategy. People may also use this document to understand the impact of the International Public Sector Accounting Standards Board's (IPSASB) proposals when responding to their documents for comments. In determining the differences between IPSAS and PSAS, the evaluation focuses on the net impact to the interested and affected parties – both in time to prepare the information and in accounting in the financial statements.

For example, a “significant difference” between [Section PS 2500, Basic Principles of Consolidation](#),¹ and IPSAS 35, *Consolidated Financial Statements*, was identified, relating to the consolidation of government business enterprises (GBEs). While the difference between modified equity accounting of GBEs and consolidation may have little net impact on the public sector entity's surplus/deficit or net assets/liabilities, the effort required to adapt IPSAS 35 from Section PS 2500 is significant. Therefore, the effort to prepare the information under IPSAS and its impact on the financial statements is consistent with PSAS.

This comparison document summarizes the differences between IPSAS and PSAS. These differences can be categorized in three forms: Consistent, Difference/No Equivalent Standard and Significant Difference as defined in the following table:

Category	Definition	Number of documents identified		
		Standards	Not for profit	Guidelines
Consistent	Applying PSAS or IPSAS yields a consistent accounting outcome	19	–	–
Difference	Variations exist between PSAS and IPSAS – broad principles are consistent; applying the IPSAS is not expected to yield dramatically different accounting outcomes	7	–	1

¹ Material that links to the CPA Canada Handbook is available to subscribers only. However, all information needed to understand this document is provided.

Category	Definition	Number of documents identified		
		Standards	Not for profit	Guidelines
Significant difference	Significant differences in how the principles are applied exist between the PSAB guidance and the other framework	9	–	2
No equivalent standard	No equivalent IPSAS.	4	7	2
Total		39	7	5

Summary analysis of generally accepted accounting principles (GAAP)

PSAS	Compared to IPSAS
The Conceptual Framework for Financial Reporting in the Public Sector	Consistent See " PSAB and IPSASB: Comparing Conceptual Frameworks. "
Section PS 1150, Generally Accepted Accounting Principles	Consistent Other GAAP sources can be used subject to consistency in relation to accounting with the conceptual framework.
Section PS 1202, Financial Statement Presentation	Difference See " PSAB and IPSASB: Comparing Reporting Models. "
Section PS 1300, Government Reporting Entity	Consistent Definitions and principles are largely consistent.
Financial Reporting	
Section PS 2100, Disclosure of Accounting Policies	Consistent Disclosure requirements are largely consistent.
Section PS 2120, Accounting Changes	Consistent Minor differences in how accounting changes are applied and when changes in accounting policy are appropriate.

PSAS	Compared to IPSAS
<p><u>Section PS 2125</u>, <i>First-time Adoption</i></p>	<p>Difference</p> <p>Both <u>Section PS 2125</u> and IPSAS 33, <i>First-time Adoption of Accrual Basis IPSAS</i>, provide relief on initial adoption of GAAP. However, relief is different in each standard.</p>
<p><u>Section PS 2130</u>, <i>Measurement Uncertainty</i></p>	<p>Consistent</p> <p>Definitions and principles are largely consistent.</p>
<p><u>Section PS 2200</u>, <i>Related Party Disclosure</i></p>	<p>Consistent</p> <p>Principles are largely consistent.</p>
<p><u>Section PS 2400</u>, <i>Subsequent Events</i></p>	<p>Consistent</p> <p>Principles are largely consistent.</p>
<p><u>Section PS 2500</u>, <i>Basic Principles of Consolidation</i></p>	<p>Significant difference</p> <p>IPSAS 35, <i>Consolidated Financial Statements</i>, requires line-by-line consolidation of GBEs, while <u>Section PS 2500</u> requires GBEs be accounted for using the modified equity basis of accounting.</p>
<p><u>Section PS 2510</u>, <i>Additional Areas of Consolidation</i></p>	<p>Difference</p> <p>IPSAS 40, <i>Public Sector Combinations</i>, addresses the acquisitions part of <u>Section PS 2510</u>. The criteria used to distinguish acquisitions and amalgamations are control, consideration and decision making. <u>Section PS 3430</u>, <i>Restructuring Transactions</i>, distinguishes acquisitions and restructuring transactions based on whether the transaction is of a purchase nature.</p> <p>Section PS 2510 requires proportionate consolidation of an entity in which there is a non-controlling interest. In such cases, IPSAS 1, <i>Presentation of Financial Statements</i>, acknowledges that there may be private shareholders that have a financial interest in the entity's net assets/equity. And the illustrative statement of financial position in IPSAS 1 reports a minority interest.</p>

PSAS	Compared to IPSAS
<p><u>Section PS 2601</u>, <i>Foreign Currency Translation</i></p>	<p>Significant difference</p> <p>IPSAS 4, <i>The Effects of Changes in Foreign Exchange Rates</i>, requires the translation adjustments for monetary items be recorded immediately in surplus/deficit. Conversely, for non-monetary items that are directly recognized in either net assets/equity, or in surplus/deficit, IPSAS 4 requires that the translation adjustment be similarly applied (i.e., recognized directly to the net assets/equity, or surplus/deficit accordingly). Finally, the scope of IPSAS 4 includes the translation of foreign operations that are included by consolidation or by the equity method. Specifically, any translation adjustments arising from monetary items that form part of a net investment in a foreign operation are recognized in the consolidated entity's net assets/equity and are subsequently recognized in the consolidated entity's surplus/deficit upon disposal of the net investment in foreign operations.</p> <p><u>Section PS 2601</u> requires all translation adjustments be initially recorded in the accumulated remeasurement gains/losses. Upon settlement of the transaction, Section PS 2061 requires the cumulative remeasurement gains/losses be reversed from the accumulated remeasurement gains/losses and recognized in the statement of operations.</p> <p><u>Section PS 2601</u> includes an accounting policy election option. This irrevocable election option permits the exchange gain/loss generated on initial recognition of a financial asset or financial liability arising from a foreign currency transaction be directly recognized in the statement of operations. For a financial asset or financial liability in the fair value category, such as a derivative, the exchange gain/loss component of the change in fair value is separated and recognized directly in the statement of operations. Amounts subject to this election would not be recognized in the accumulated remeasurement gains/losses; and the election must be made on an instrument-by-instrument basis. Finally, Section PS 2601 excludes the translation of foreign operations from its scope.</p>
<p><u>Section PS 2700</u>, <i>Segment Disclosures</i></p>	<p>Consistent</p> <p>Principles are largely consistent.</p>

PSAS	Compared to IPSAS
Financial Statement Items	
<u>Section PS 3041</u> , <i>Portfolio Investments</i>	<p>No equivalent standard</p> <p>No equivalent IPSAS.</p>
<u>Section PS 3050</u> , <i>Loans Receivable</i>	<p>Difference</p> <p>IPSAS 41, <i>Financial Instruments</i>, requires the use of an expected credit loss model. <u>Section PS 3050</u> requires the valuation allowance reflect collectability and risk of loss.</p>
<u>Section PS 3060</u> , <i>Interests in Partnerships</i>	<p>Significant difference</p> <p>IPSAS 37, <i>Joint Arrangements</i>, requires accounting for joint arrangements using the equity method or its interests in the arrangement. PSAS require accounting for the arrangement using modified equity accounting or proportionate consolidation.</p>
<u>Section PS 3070</u> , <i>Investments in Government Business Enterprises</i>	<p>Significant difference</p> <p>Difference assessed as part of <u>Section PS 2500</u>.</p>
<u>Section PS 3100</u> , <i>Restricted Assets and Revenues</i>	<p>Consistent</p> <p>Principles related to the recognition of restricted revenue are largely consistent with IPSAS 47, <i>Revenue</i>.</p>
<u>Section PS 3150</u> , <i>Tangible Capital Assets</i>	<p>Significant difference</p> <p>In March 2023, IPSASB approved IPSAS 45, <i>Property, Plant and Equipment</i>, which replaces IPSAS 17. IPSAS 45 is effective for periods beginning on or after January 1, 2025, with early adoption permitted. The standard removes the heritage-assets scope exclusion. That is, heritage assets that meet the definition of property, plant and equipment would be recognized as assets. <u>Section PS 3150</u> states that works of art and historical treasures would not be recognized as tangible capital assets because a reasonable estimate of the future economic benefit associated with such property cannot be made. Section PS 3150 also scopes out intangible assets, natural resources and Crown lands.</p>
<u>Section PS 3160</u> , <i>Public Private Partnerships</i>	<p>Consistent</p> <p>Principles are largely consistent.</p>

PSAS	Compared to IPSAS
Financial Statement Items	
<u>Section PS 3200, Liabilities</u>	<p>Consistent</p> <p>Principles are largely consistent.</p>
<u>Section PS 3210, Assets</u>	<p>Consistent</p> <p>Principles are largely consistent.</p>
<u>Section PS 3230, Long-term Debt</u>	<p>Significant difference</p> <p>Presentation of debt subsequently loaned to a GBE is addressed by the general consolidation principles in IPSAS 35, <i>Consolidated Financial Statements</i></p>
<u>Section PS 3250, Retirement Benefits</u>	<p>Significant difference</p> <p>Significant differences exist in core principles of actuarial assumptions (discount rate) and amortization of actuarial gains and losses.</p>
<u>Section PS 3255, Post-employment Benefits, Compensated Absences and Termination Benefits</u>	<p>Significant difference</p> <p>Significant differences exist in core principles of actuarial assumptions (discount rate) and amortization of actuarial gains and losses that may be applicable to some post-employment benefits, compensated absences and termination benefits.</p>
<u>Section PS 3260, Liability for Contaminated Sites</u>	<p>Consistent</p> <p>Principles are largely consistent with IPSAS 19, <i>Provisions, Contingent Liabilities and Contingent Assets</i>.</p>
<u>Section PS 3280, Asset Retirement Obligations</u>	<p>Consistent</p> <p>Principles are largely consistent.</p>
<u>Section PS 3300, Contingent Liabilities</u>	<p>Consistent</p> <p>Principles are largely consistent.</p>
<u>Section PS 3310, Loan Guarantees</u>	<p>Difference</p> <p><u>Section PS 3310</u> requires a provision be recognized when a loss is likely, while IPSAS 41, <i>Financial Instruments</i>, requires that financial guarantees be measured at the higher of the amount of the loss allowance and the amount initially recognized less, when appropriate, the cumulative amount of amortization recognized.</p>

PSAS	Compared to IPSAS
Section PS 3320 , <i>Contingent Assets</i>	<p>Consistent</p> <p>Principles are largely consistent.</p>
Section PS 3380 , <i>Contractual Rights</i>	<p>No equivalent standard</p> <p>No equivalent IPSAS.</p>
Section PS 3390 , <i>Contractual Obligations</i>	<p>No equivalent standard</p> <p>No equivalent IPSAS.</p>
Section PS 3400 , <i>Revenue</i>	<p>Consistent</p> <p>In March 2023, IPSASB approved IPSAS 47, <i>Revenue</i>, effective for periods beginning on or after January 1, 2026, with early adoption permitted. The standard presents two accounting models, revenue from transactions without binding arrangements and revenue from transactions with binding arrangements. The principles are fairly consistent with Section PS 3400, which presents two accounting models, transactions with performance obligations and transactions without performance obligations.</p> <p>Note: The scope of IPSAS 47 is broader than that of Section PS 3400. Section PS 3400 excludes transfers received or receivable from its scope, directing users to Section PS 3410, <i>Government Transfers</i>, or Section PS 3100, <i>Restricted Assets and Revenues</i>. Section PS 3400 also excludes tax revenue from its scope, directing users to Section PS 3510, <i>Tax Revenue</i>.</p>
Section PS 3410 , <i>Government Transfers</i>	<p>Difference</p> <p>In March 2023, IPSASB approved IPSAS 48, <i>Transfer Expenses</i>, effective for periods beginning on or after January 1, 2026, with early adoption permitted. There are two main differences between the IPSAS 48 and Section PS 3410:</p> <ul style="list-style-type: none"> IPSAS 48 covers only the transfer provider accounting. Section PS 3410 addresses accounting for government transfers by both the transferor and the transferee. The scope of IPSAS 48 is also broader than that of PS 3410 in that it addresses not just government transfers but transfers from other providers too. Transfers received from other than governments are addressed in Canada in Section PS 3100, <i>Restricted Assets and Revenues</i>.

PSAS	Compared to IPSAS
	<ul style="list-style-type: none"> IPSAS 48 follows a performance obligation approach, while Section PS 3410 follows an authorization, eligibility criteria and stipulations approach. The two different approaches may result in differences in recognition and measurement.
Section PS 3420, Inter-entity Transactions	<p>No equivalent standard</p> <p>No equivalent IPSAS.</p>
Section PS 3430, Restructuring Transactions	<p>Difference</p> <p>IPSAS 40, <i>Public Sector Combinations</i>, addresses public sector combinations. The criteria used to distinguish acquisitions and amalgamations are control, consideration and decision making. Section PS 3430 distinguishes acquisitions and restructuring transactions based on whether the transaction is of a purchase nature.</p> <p>Acquisitions are addressed in Section PS 2510.</p>
Section PS 3450, Financial Instruments	<p>Significant difference</p> <p>IPSAS 41, <i>Financial Instruments</i>, incorporates additional principles-based classification categories, a more robust impairment model and an option to apply hedge accounting. Section PS 3450 applies a less complex financial instruments model to address Canada’s needs.</p>
Section PS 3510, Tax Revenues	<p>Consistent</p> <p>Principles are largely consistent.</p>
Projects under Development	
Employee Benefits	<p>See discussion in Section PS 3250, Retirement Benefits section above.</p>
<p>Intangible Assets</p>	<p>In September 2023, PSAB approved the Intangible Assets project to develop a new standard. The principles of IPSAS 31, <i>Intangible Assets</i>, will be adapted in accordance with the “Criteria for modifying and reviewing IPSAS Principles” when developing this standard.</p>

PSAS	Compared to IPSAS
Government Not-for-Profit (GNFP) Organizations	
NOTE: PSAB is implementing its new GNFP Strategy, incorporating the PS 4200 series into PSAS with potential customizations. For more information, see the GNFP, Capital Assets project page.	
<u>Section PS 4200</u> , <i>Financial Statement Presentation by Not-for-Profit Organizations</i>	No equivalent standard No equivalent IPSAS.
<u>Section PS 4210</u> , <i>Contributions – Revenue Recognition</i>	No equivalent standard No equivalent IPSAS.
<u>Section PS 4220</u> , <i>Contributions Receivable</i>	No equivalent standard No equivalent IPSAS.
<u>Section PS 4230</u> , <i>Capital Assets Held by Not-for-Profit Organizations</i>	No equivalent standard No equivalent IPSAS.
<u>Section PS 4240</u> , <i>Collections held by Not-for-Profit Organizations</i>	No equivalent standard No equivalent IPSAS.
<u>Section PS 4250</u> , <i>Reporting Controlled and Related Entities by Not-for-Profit Organizations</i>	No equivalent standard No equivalent IPSAS.
<u>Section PS 4270</u> , <i>Disclosure of Allocated Expenses and Not-for-Profit Organizations</i>	No equivalent standard No equivalent IPSAS.
Public Sector Guidelines	
<u>PSG-2</u> , <i>Leased Tangible Capital Assets</i>	Significant difference IPSAS 43, <i>Leases</i> , introduces the right of use model to more accurately reflect the economic substance of leases as financing arrangements. <u>PSG-2</u> applies a benefits and risks of ownership model. This guideline covers the accounting for leased tangible capital assets and does not address accounting by public sector entities that are lessors.

PSAS	Compared to IPSAS
<u>PSG-4</u> , <i>Funds and Reserves</i>	No equivalent standard No equivalent IPSAS.
<u>PSG-5</u> , <i>Sale-leaseback Transactions</i>	Significant difference See discussion in PSG-2, <i>Leased Tangible Capital Assets</i> .
<u>PSG-7</u> , <i>Tangible Capital Assets of Local Governments</i>	No equivalent standard No equivalent IPSAS.
<u>PSG-8</u> , <i>Purchased Intangibles</i>	Difference IPSAS 31, <i>Intangible Assets</i> , allows for the recognition of internally developed intangible assets, while <u>PSG-8</u> does not.

Several IPSAS exist for which there is no PSAS. These standards provide additional guidance for the public sector; however, they do increase the effort required to prepare financial information for users.

IPSAS	Title
IPSAS 10	<i>Financial Reporting in Hyperinflationary Economies</i>
IPSAS 12	<i>Inventories</i>
IPSAS 16	<i>Investment Property</i>
IPSAS 21	<i>Impairment of Non-Cash-Generating Assets</i>
IPSAS 26	<i>Impairment of Cash-Generating Assets</i>
IPSAS 27	<i>Agriculture</i>
IPSAS 31	<i>Intangible Assets</i>
IPSAS 42	<i>Social Benefits</i>
IPSAS 44	<i>Non-current Assets Held for Sale and Discontinued Operations</i>
IPSAS 46	<i>Measurement</i>

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