



In brief

Hyperinflationary economies – updated April 2023

Publication Date: 09 May 2023

In brief INT2023-09

What is the issue?

The IMF World Economic Outlook ('WEO') report released in April 2023 provides updated data in respect of current and projected levels of inflation. The most significant changes from the updates provided in October 2022 relate to:

- Haiti, which became hyper-inflationary in 31 March 2023; and
- Ghana and Sierra Leone, which are projected to become hyperinflationary during 2023. Entities with the functional currencies of Ghana and Sierra Leone should start to prepare to apply IAS 29, 'Financial Reporting in Hyper-inflationary Economies', in 2023

What's the impact and for whom?

Hyper-inflationary economies

The IMF WEO report shows that entities with the currency of the following countries as their functional currency should apply IAS 29 in 2023:

- Argentina;
- Ethiopia;
- Haiti (new in 2023);
- Iran;
- Lebanon;
- South Sudan;
- Sudan;

- Suriname;
- Turkey;
- Venezuela;
- Yemen; and
- Zimbabwe.

All economies that were hyper-inflationary in 2022 continue to be hyper-inflationary in 2023. With the exception of South Sudan and Yemen (see discussion below), the projected three-year cumulative inflation of these economies is expected to continue to exceed 100% during 2023.

In addition, Haiti was considered to be a hyper-inflationary economy from 31 March 2023.

Haiti

The IMF WEO report issued in April 2023 shows that three-year cumulative inflation is expected to exceed 100% in 2023. Based on the above, entities with the currency of Haiti as their functional currency should start applying IAS 29 for reporting periods ending on or after 31 March 2023.

South Sudan

The IMF WEO report issued in April 2023 shows that three-year cumulative inflation continued to exceed 100% at 31 December 2022 but is expected to decrease significantly below that threshold in 2023. South Sudan continues to remain a hyper-inflationary economy, but entities with the currency of South Sudan as their functional currency should closely monitor developments of inflation during 2023 to confirm whether it remains hyper-inflationary in 2023.

Yemen

The data included in the IMF WEO report issued in April 2023 was modified and shows that three-year cumulative inflation is below 100% in 2022. However, local data shows that three-year cumulative inflation exceeded 100% in 2022. Therefore, we continue to consider Yemen as hyper-inflationary. Entities with the currency of Yemen as their functional currency should closely monitor developments of inflation during 2023 to confirm whether it remains hyper-inflationary in 2023.

To be kept under review in 2023

The following economies are not hyper-inflationary, but they should be kept under review in 2023:

- Angola;
- Egypt (new in 2023);
- Ghana;
- Moldova;
- Sierra Leone; and
- Sri Lanka.

Angola and Moldova

IMF data shows that three-year cumulative inflation for these economies is 81% and 46% respectively in 2022. The projections indicate that three-year cumulative inflation will not exceed 62% for these economies in 2023.

Egypt

The IMF WEO report issued in April 2023 shows that three-year cumulative inflation is expected to remain well below 100% during 2023 and into 2024. However, the currency has devalued significantly and high rates of inflation prevailed in 2022 and into 2023. Entities with the currency of Egypt as their functional currency should monitor developments of inflation during 2023.

Ghana and Sierra Leone

The IMF WEO report issued in April 2023 shows that three-year cumulative inflation for Ghana and Sierra Leone is expected to increase to 125% and 110% respectively in 2023. Entities with the currency of Ghana or Sierra Leone as their functional currency are therefore expected to become hyper-inflationary during 2023.

Sri Lanka

IMF data shows that three-year cumulative inflation was below 100% in 2022, which was consistent with local data provided by the Central Bank of Sri Lanka for Colombo CPI and for National CPI. The IMF data projects the three-year cumulative inflation rate to be 103% in 2023; however, the rate of inflation is projected to decrease from 57% in 2022 to 15% in 2023. Based on the above and the qualitative factors in IAS 29, Sri Lanka is not currently considered to be a hyper-inflationary economy. Given that inflation remains high, entities with the currency of Sri Lanka as their functional currency should closely monitor developments of inflation during 2023.

Other potentially hyper-inflationary economies (lack of reliable information)

Consistent and reliable inflation data is not available for the following countries:

- Afghanistan;
- Syrian Arab Republic; and
- Ukraine.

Entities with the currency of these countries should consider the information available at the reporting date to determine whether IAS 29 is applicable.

When does it apply?

IAS 29.4 states that it is preferable for all entities that report in the currency of a hyper-inflationary economy to apply the standard at the same date; and the standard should be applied as if the economy had always been hyper-inflationary.

Newsletter IFRS Aktuell. Bleiben Sie informiert.

Aktuelle Informationen zu den Entwicklungen in der internationalen Rechnungslegung – **jeden Monat kostenlos in Ihrem Mailfach!**



Zur Online-Anmelden:

www.pwc.at/de/newsletter



Ansprechpartner in Ihrer Nähe



Ulf Kühle

Tel: +43 1 501 88-1688

ulf.kuehle@pwc.com



Beate Butollo

Tel: +43 1 501 88-1814

beate.butollo@pwc.com

Medieninhaber und Herausgeber: PwC Österreich GmbH Wirtschaftsprüfungsgesellschaft, Donau City Straße 7, 1220 Wien
Für den Inhalt verantwortlich: Ulf Kühle, Beate Butollo
Kontakt: IFRS.Aktuell@at.pwc.com

Der Inhalt dieser Publikation wurde sorgfältig ausgearbeitet. Sie enthält jedoch lediglich allgemeine Informationen und kann eine individuelle Beratung im Einzelfall nicht ersetzen. PwC übernimmt keine Haftung und Gewährleistung für die Vollständigkeit und Richtigkeit der enthaltenen Informationen und weist darauf hin, dass die Publikation nicht als Entscheidungsgrundlage für konkrete Sachverhalte geeignet ist. PwC lehnt daher den Ersatz von Schäden welcher Art auch immer, die aus der Verwendung dieser Informationen resultieren, ab.

www.pwc.at