

# Definition of Share-based Payment

A share-based payment is a transaction in which the entity receives goods or services either as consideration for its equity instruments or by incurring liabilities for amounts based on the price of the entity's shares or other equity instruments of the entity.

The accounting requirements for the share-based payment depend on how the transaction will be settled, that is, by the issuance of:

- Equity, or
- Cash.

IFRS 2 applies to all entities.

There is no exemption for private or smaller entities.

Furthermore, subsidiaries using their parent's or fellow subsidiary's equity as consideration for goods or services are within the scope of the Standard.

IFRS 2 does not apply to share-based payment transactions other than for the acquisition of goods and services.

Share dividends, the purchase of treasury shares, and the issuance of additional shares are therefore outside its scope.

## REFERENCE:

Deloitte. IAS Plus The #1 website for global accounting news.  
Staff Editor. January 1, 2022.  
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<https://www.iasplus.com/en/standards/ifrs/ifrs2>