

CAQ Alert 2022-01:

Addendum to November 6, 2021 International Practices Task Force DOCUMENT FOR DISCUSSION Monitoring Inflation in Certain Countries

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Registrants are responsible for monitoring inflation statistics in countries in which they have operations to determine the inflationary status of those countries. Under ASC 830, the determination of a highly inflationary economy begins by calculating the cumulative inflation rate for the three-year period that precedes the beginning of the reporting period, including interim reporting periods. If that calculation results in a cumulative inflation rate in excess of 100%, the economy should be considered highly-inflationary in all instances (as described in ASC 830-10-55-24, Case A).

In an effort to facilitate greater consistency, the CAQ International Practices Task Force (IPTF) developed a framework for compiling inflation data to assist registrants with this determination. The information is intended to be helpful to registrants when applying ASC 830 in conjunction with its internal controls over financial reporting, to reach a conclusion on whether a country's economy should be considered highly-inflationary. The IPTF is issuing this addendum to [the most recent inflation discussion document dated November 6, 2021](#), to reflect significant changes to the inflation rates in Turkey since that date. This addendum

should be read in conjunction with that document and the same cautionary language included in that document applies.

At the time the November 6, 2021 report was issued, based on the International Monetary Fund (IMF) October 2021 World Economic Outlook data, Turkey's historical and projected inflation rates were below the established thresholds and were thus excluded from that document. Subsequent to the issuance of that report, the [Turkey Statistical Institute](#) released the monthly inflation data through February 28, 2022. Based on that new information,

the three-year cumulative inflation rates at the end of each of the last four months have been calculated and are presented in the table below.

Based on this updated information, the three-year cumulative inflation exceeded 100% at the end of February 2022. Entities with material operations in Turkey should evaluate the reporting period in which they would start to consider Turkey as a highly inflationary country. These entities should monitor subsequently-reported inflation statistics to evaluate their conclusion in future reporting periods.

Calendar Date	November 30, 2021	December 31, 2021	January 31, 2022	February 28, 2022
Cumulative three-year rate	52.9%	74.4%	91.7%	100.6%