KPMG

Quarterly Outlook

September 2022

Preparers navigate new tax legislation for potential effects on their accounting and financial reporting and the SEC sorts through voluminous feedback on its climate disclosure proposal.

US GAAP

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The results are in. The SEC received over 4,000 unique responses to its climate disclosure proposal, with the vast majority coming from individual members of the public. Our analysis of responses shows significant support for climate standard-setting in general, but stakeholders raised concerns across all aspects of the SEC's specific proposal. The SEC's Spring 2022 regulatory agenda indicates a final rule is expected in October 2022, which appears ambitious.

Significant changes in tax policy due to new legislation also made headlines this quarter. Key provisions include a new 15% corporate alternative minimum tax, a 1% excise tax on stock repurchases, and new options for monetizing certain credits.

Meanwhile, the FASB continues to adjust its technical agenda in response to feedback on its June 2021 Invitation to Comment, Agenda Consultation, including adding a new project on software cost accounting and removing the projects on goodwill amortization and lease modifications. The FASB also issued an ASU that will change how certain entities consider contractual sale restrictions in their fair value measurements.

Our Quarterly Outlook summarizes these accounting and financial reporting developments and others potentially affecting your company in the current period or near term.

Contents

1 Current quarter financial reporting matters

What's new in ESG?

In this issue, we outline the status of the three sets of sustainability standards under development by the SEC, the International Sustainability Standards Board (ISSB) and the European Financial Reporting Advisory Group (EFRAG). The comment periods on the proposals have now closed, and companies await the outcome of redeliberations and the final rules or standards.

SEC developments

Climate proposal

The proposed climate rules are intended to provide more consistent, comparable and reliable information so that investors can better evaluate the impact of climate-related matters on an issuer. Specifically, the proposal would require new disclosures in the annual report (Form 10-K or 20-F) or registration statements and in the financial statements. The extended comment period closed on June 17.

The SEC received over 4,000 unique responses, with the vast majority coming from individual members of the public. We analyzed 150 responses that represented a variety of industries and respondent types, but weighted toward issuers (including foreign private issuers) and industry groups.

Although over three quarters of these respondents supported climate-related standard-setting in general, this did not translate to general support for the SEC's specific proposal and concerns were raised in all areas. Key findings included the following:

- **63%** believed that the financial statement disclosure threshold should be based on investor materiality and not a bright line;
- **87%** that commented on the disclosure of Scopes 1 and 2 greenhouse gas (GHG) emissions were in support; and
- **92%** that commented on the time required for transition requested a delay in implementing at least some disclosures (e.g. GHG emissions).

The SEC's Spring 2022 regulatory agenda shows publication of the final rule in October 2022. This timing appears ambitious in view of the volume of feedback received.

Regardless of the outcome, issuers should expect continued scrutiny of climate-related disclosures based on the SEC staff guidance issued in 2010 and following the sample comment letter published in September 2021. To date, over 200 comments have been sent to nearly 40 issuers, with nearly two thirds of issuers being asked about the consistency of disclosures in their sustainability report versus their SEC filings.

Other ESG initiatives

The comment period on the proposals for investment companies and investment advisers closed on August 16 with the SEC's Spring 2022 regulatory agenda showing publication of final rules (and amendments) in October 2022. A final rule on cybersecurity risk governance is scheduled for April 2023.

Also on the regulatory agenda are proposals related to human capital management disclosures (October 2022) and corporate board diversity (April 2023).

ISSB developments

Earlier this year, the ISSB released proposals on (1) general sustainability-related matters and (2) climate-related matters. Under the proposals, companies would report – as part of general-purpose financial reporting – on all relevant sustainability topics across four content areas (governance, strategy, risk management, and metrics and targets), and include industry-specific disclosures. The aim of the ISSB standards is to create a global baseline for investor-focused sustainability reporting that local jurisdictions (e.g. the US) can build on.

The comment period ended July 29 and the ISSB received more than 1,300 responses that are now being analyzed. In August the IFRS® Foundation appointed four new members to the ISSB, bringing the total to 14 and completing composition of the full Board. It is expected that final standards will be issued early next year.

Once the ISSB finalizes the standards, the International Organization of Securities Commissions (IOSCO) will start its review. At its latest board meeting, IOSCO discussed the ISSB's proposed standards and the criteria it will use to decide whether to endorse the final standards. If the ISSB standards pass this endorsement assessment, IOSCO will recommend the standards to its 130 members.

European Union (EU) developments

In April 2021, the European Commission adopted a legislative proposal for a Corporate Sustainability Reporting Directive (CSRD). One of the proposal's provisions would require companies to report sustainability information based on European Sustainability Reporting Standards (ESRSs).

In May 2022, EFRAG issued the first set of proposed ESRSs. The comment period ended August 8, with more than 750 submissions received. Following redeliberation, the European Commission is expected to consider final standards in November 2022.

In June 2022, the European legislative bodies reached a provisional agreement on the CSRD, which includes clarification about how it would apply to non-EU companies. In general, the ultimate non-EU parent company would provide a sustainability report (beginning in 2029, for information as of 2028) if it:

- has generated net turnover (revenue) of €150M or more in the EU for each of the last two consecutive years; and
- has at least:
  - one subsidiary that meets the general scoping requirements of the CSRD; or
  - one 'branch' that generates net turnover (revenue) of more than €40M in the EU.

Select ESG resources

- Podcast and talk book: Analysis of responses to the SEC's climate proposal

- Talk book: Comparing ESG reporting proposals
- Podcast: 'No Regrets' moves on ESG reporting
- ESG reporting for financial reporting professionals: KPMG Financial Reporting View

New tax legislation – Impacts to preparers

The Inflation Reduction Act (IRA) of 2022 and the CHIPS and Science Act of 2022 (CHIPS) were signed into law by President Biden on August 16 and August 9, respectively.

The IRA introduces a new 15% corporate alternative minimum tax (Corporate AMT) and includes a substantial package of energy- and climate-related provisions, among other revenue raisers and incentives. CHIPS adds a one-time investment tax credit equal to 25% of a company's investment facilities that manufacture semiconductors or semiconductor manufacturing equipment.

The new laws also introduce mechanisms for monetizing some credits that are novel to US tax law – including elections for 'direct pay' and third-party transfer. The IRA also allows for bonus credits if a company meets certain criteria.

Accounting impacts

Although no changes have been made to the US federal corporate statutory tax rates, several provisions in the new laws may affect companies' forecasts of future income tax liabilities and the realizability of deferred tax assets.

Considerations for preparers include the following.

- **15% Corporate AMT.** Companies should account for the incremental tax owed under the Corporate AMT as it is incurred and continue to measure their deferred taxes at regular tax rates – at enactment and going forward. A company's AMT status also may affect its ability to realize deferred tax assets under the regular tax system. The Corporate AMT is effective for tax years beginning after December 31, 2022.
- **1% excise tax on stock repurchases.** The excise tax is levied on a non-income-based measure and is therefore not in the scope of Topic 740 (income taxes).
- **New options for monetizing certain credits.** Companies in the energy space may elect a transferability election through which they can sell certain tax credits to third parties. In addition, both the IRA and CHIPS introduce a direct pay mechanism for certain credits and certain taxpayers under which the credits are considered a direct payment of tax and are refundable.

  The accounting for these credits will depend on whether they (1) are dependent on a company's ongoing tax status or tax position, (2) may be sold and (3) are likely to be sold.

  Certain refundable credits will be viewed like government grants. Because US GAAP does not currently have specific guidance for businesses on how to account for government grants, many companies might analogize to IAS 20 to account for them. Other nonrefundable and transferrable credits may be in the scope of Topic 740 and require companies to make several policy elections.

KPMG resources: For our preliminary guidance on US GAAP considerations for the new tax legislation, please see IRA and CHIPS: Tax considerations and listen to our Podcast.

SEC adopts final amendments to require pay versus performance disclosures

The SEC has issued a final rule that amends Reg S-K Item 402 to require registrants to disclose – in proxy or information statements – executive compensation information ('pay') and financial performance measures ('performance') over the most recent five years in a tabular format, and describe key relationships between the two.

The required 'pay' disclosures comprise specific measures of compensation for a registrant's named executive officers, including a new measure of 'compensation actually paid' and the total compensation amount currently required in the Summary Compensation Table (SCT) under Reg S-K Item 402(c). The rule defines compensation actually paid, which includes adjustments to the amounts included in existing executive compensation disclosures for pension benefits and equity awards.

The 'performance' measures a registrant must disclose include its total shareholder return (TSR), the TSR of its peer group, its net income and the financial performance measure that is most important in linking executive pay to company performance (the 'company-selected measure').

A registrant is also required to:

- describe the relationships between the executive compensation actually paid and each of the performance measures listed above;
- describe the relationship between the registrant's TSR and the TSR of its peer group; and
- provide a separate list of the three to seven financial performance measures that it determines are its most important financial performance measures for linking executive compensation actually paid to company performance.

Smaller reporting companies are subject to scaled disclosure requirements.

The final rule is effective on October 11, 2022. Registrants must comply with the new disclosure requirements for fiscal years ending on or after December 16, 2022.

KPMG resources: Defining Issues

Reference rate reform – Reminders about LIBOR transition

LIBOR continues to wind down. Although several LIBOR settings were discontinued as of December 31, 2021, some of the settings most widely used in the US will continue to be published until June 30, 2023. Topic 848 (reference rate reform) provides companies with optional expedients to ease the potential accounting burden associated with transitioning away from LIBOR and other reference rates expected to be discontinued.

Topic 848's expedients are generally unavailable after the Topic's December 31, 2022 sunset date. The FASB has issued a proposed ASU that would defer the sunset date by two years to December 31, 2024. The deferral would be effective immediately on issuance of a final ASU. The comment period closed in June.

KPMG resources: Handbook: Reference rate reform, Defining Issues, Podcast

Audit developments of interest to preparers

PCAOB focuses on auditors' response to the current economic environment

The PCAOB staff has released two publications focused on auditors' response to recent economic events, including increased IPOs and merger and acquisition (M&A) activities (including SPAC transactions), supply chain disruptions, continued effects of COVID on businesses, volatility in the financial markets due to inflationary trends and fluctuating interest rates, and audit firm-wide risks.

- **Staff overview for planned 2022 inspections.** This publication highlights areas of planned inspection focus in 2022 – which are primarily driven by the current economic environment – including fraud and other risks, IPOs and M&A activity, audit firms' execution challenges (e.g. staffing constraints), independence and the adoption of new technology, among others.
- **Audit committee resource.** This publication includes questions that public company audit committees might want to consider as part of their ongoing engagement and discussion with their auditors, including how the auditors are responding to the financial reporting and audit risks posed by the current economic environment.

SEC approves PCAOB standards for lead auditor's use of other auditors

The SEC has approved the PCAOB's amended standards for audits involving multiple audit firms. The amendments specify certain procedures for lead auditors to perform when planning and supervising other auditors and require them to prioritize their supervisory activities of other auditors around higher-risk areas in the audit.

The amendments apply to all audits conducted in accordance with PCAOB standards and become effective for audits of financial statements for fiscal years ending on or after December 15, 2024.

PCAOB invites public to comment on five-year strategic plan

The PCAOB released a draft of its five-year strategic plan outlining the Board's mission for protecting investors from 2022 to 2026, and invited the public to comment on it. The four primary goals of the plan are to:

- modernize standards;
- enhance inspections;
- strengthen enforcement; and
- improve organizational effectiveness.

The comment period ends September 15.

This is the first five-year plan the PCAOB has released in approximately two years and the first opened for public comment since 2018.

SEC recognizes 20th anniversary of SOX Act

In a recent speech at the Center for Audit Quality, SEC Chair Gary Gensler acknowledged the 20th anniversary of the Sarbanes-Oxley (SOX) Act of 2002, recalling the frauds at Enron, WorldCom, Adelphia and Tyco, the fall of Arthur Andersen and the US government's consequent enactment of the SOX Act to restore trust in the US financial reporting system.

Chair Gensler discussed what has worked and where more can be done. But above all, he highlighted the core lessons we have all learned from this law, which are also key areas of continued SEC focus. These include:

- having robust and independent organizations setting standards, inspecting public accounting firms and enforcing rules;
- enforcing auditor independence and guarding against inherent conflicts that might arise when auditing and other services are mixed;
- holding corporations and their senior executives accountable for their financial statements; and
- creating a level playing field for all issuers, whether foreign or domestic, when it comes to investor protections.

2 New standards and guidance

FASB clarifies fair value guidance on contractual sale restrictions

ASU 2022-03 amends Topic 820 (fair value measurement) to clarify that contractual sale restrictions are not considered in measuring the fair value of equity securities. In addition, the ASU:

- clarifies that an entity cannot recognize a contractual sale restriction as a separate unit of account (i.e. as a contra-asset or separate liability); and
- requires new disclosures for *all* entities with equity securities subject to contractual sale restrictions.

The ASU will change practice for entities that currently factor contractual sale restrictions into their fair value measurements. This is particularly true for investment companies that have historically considered these restrictions in measuring equity securities at fair value.

All entities except for investment companies will apply this ASU prospectively. Investment companies have different transition requirements to mitigate the effect of adopting the ASU on their net asset value computations.

The effective dates are as follows.

	Public business entities	All other entities
Annual and interim periods – Fiscal years beginning after	December 15, 2023	December 15, 2024
Early application permitted?	Yes, for both interim and annual financial statements that have not yet been issued or made available for issuance.	

KPMG resources: Defining Issues and Podcast

3

Projects and agenda priorities

FASB proposes to expand the proportional amortization method election

The FASB has issued a proposed ASU that would allow companies to apply the proportional amortization method (PAM) to all qualifying investments, regardless of the type of tax credit program. Companies would be allowed to elect the PAM for qualifying investments on a tax credit-program by tax credit-program basis.

The proposal would clarify that when evaluating the PAM's 'qualification criteria', companies would:

- assess whether substantially all of an investment's projected benefits are from tax credits and other tax benefits on a discounted basis using a discount rate consistent with the investor's cash flow assumptions;
- treat refundable tax credits as non-tax benefits;
- include all tax benefits, refundable tax credits, and non-tax cash flows in the identification of total projected benefits; and
- assess 'significant influence' in relation to the operations of the underlying project.

The proposals would also amend the disclosure requirements that apply to investments in tax credit programs.

PAM is an alternative to either the cost or equity method of accounting, and its scope is currently limited to investments in qualified affordable housing projects made through limited liability entities.

The comment period ends October 6.

KPMG resources: Defining Issues

FASB seeks feedback on incorporating IAS 20 into US GAAP

The FASB has issued an Invitation to Comment (ITC) on its potential incorporation of IAS 20 – the International Accounting Standard on the accounting for and disclosure of government grants – into US GAAP. The ITC specifically solicits feedback on:

- what aspects of the guidance from IAS 20 should be incorporated into US GAAP and why;
- whether preparers currently apply IAS 20 by analogy or another model;
- what issues or challenges preparers have experienced or anticipate in applying IAS 20;
- whether stakeholders currently receive enough information about the effect of government grants on an entity's financial results; and

- whether stakeholders believe comparability and consistency between business entities and all other entities is important.

This ITC was issued in response to feedback received on the FASB's 2021 Invitation to Comment, Agenda Consultation, about a lack of specific guidance on accounting for government grants in US GAAP. The feedback also indicated that in the absence of guidance many companies are analogizing to IAS 20 and prefer that the FASB leverage the existing accounting model in IAS 20.

The comment period ends September 12.

KPMG resources: Web article

FASB makes additional changes to its technical agenda

As part of its ongoing prioritization discussions, the FASB has made additional changes to its technical agenda in response to feedback received on its June 2021 Invitation to Comment, Agenda Consultation.

- **Accounting for and disclosure of software costs (added).** The Board added a project on the accounting for software costs that intends to (1) modernize the accounting guidance that applies to internal- and external-use software costs and (2) enhance the transparency of the accounting for those costs.

- **Subsequent accounting for goodwill and accounting for certain identifiable intangible assets (removed).** The Board discussed the future direction of the 'goodwill amortization' project and ultimately decided to remove it from its technical agenda, indicating that there is currently not a clear case for change. However, the Board will continue to monitor feedback from investors and preparers to determine if future standard-setting is necessary.

- **Lease modifications (removed).** Based on the research performed and feedback received to date, the Board decided to remove this project from its technical agenda. However, some Board members expressed interest in revisiting certain aspects of the lease modifications guidance in the future as part of the FASB's Topic 842 (leases) post-implementation review.

- **Improving the accounting for asset acquisitions and business combinations (removed).** Based on the research performed and feedback received, and due to an overall lack of consensus to date, the Board decided to remove this project from its technical agenda. This project was intended to address the initial and subsequent recognition and measurement of contingent consideration arrangements classified as assets or liabilities and accounted for under Topic 805 (business combinations).

The FASB chair also recently added projects to the FASB *research* agenda on (1) the statement of cash flows and (2) financial key performance indicators for business entities.

Earlier this year, the FASB added projects to its technical agenda on the accounting for certain digital assets and the accounting for environmental credit programs.

June PCC meeting

The Private Company Council (PCC) met in June and discussed a variety of topics, including recent changes to the FASB research and technical agenda. Other key highlights are summarized below.

- **Disaggregation—Income statement expenses.** The FASB staff provided PCC members with an overview of the agenda project. PCC members were generally supportive of the FASB exploring further expense disaggregation but had varying views on the best approach to do that and factors to consider. Members also raised concerns about a disaggregation principle that may be costly to implement and questioned its benefit to users.
- **Accounting for and disclosure of digital assets**. The FASB staff discussed the Board's recent decision to add this project to its technical agenda. PCC members agreed that this is a growing area of interest in the private company space, and specifically cited the need for guidance on the recognition, measurement and balance sheet classification of digital assets. PCC members also discussed the volatility inherent in using the long-lived asset impairment model and the accounting for digital assets used to settle receivables.
- **Leases—Implementation issues.** Among other things, PCC members highlighted related party leases as an area of significant interest to private company adopters. PCC members noted that many related party leases are between entities under common control, some of which have written terms and others that do not – making it difficult for private companies to determine the legally enforceable terms of a related party arrangement under Topic 842. The FASB staff discussed whether they could assist private companies in applying the related party guidance under Topic 842 – i.e. through educational materials (FASB Staff Q&A) or Codification improvements. The PCC members and FASB staff also agreed to conduct additional outreach to determine whether the issue with applying the guidance is limited to common control arrangements or includes other related party arrangements.

The next PCC meeting is on September 22 and 23.

4 Recommended reading and CPE opportunities

Keeping an eye on the supply chain

In an article for *Directors & Boards*, KPMG Vice Chair of Growth and Strategy Tandra Jackson and Board Leadership Center Leader John Rodi say many organizations are reassessing their supply chain strategy. This trend, they report, is due to disruptions and pressures on global trade as a result of economic sanctions imposed on Russia in response to its war with Ukraine. A top priority should be managing the range of ESG risks in an organization's supply chain, including climate change and other environmental risks; human rights issues; worker health and safety; and diversity, equity and inclusion. Read the article.

Amount B: The forgotten piece of the pillar 1 jigsaw

In an article for *Tax Notes Today – International*, Alistair Pepper, Thomas D. Bettge and Jessie Coleman from the KPMG Washington National Tax practice examine the Organization for Economic Cooperation and Development's (OECD) pillar 1 amount B proposal that is part of a larger effort to reform the international corporate tax system. The article explains this proposal's possible effects and implementation challenges and how businesses should be preparing for it. Read the article.

Voices: cloud migration could spell tax savings for CTOs

In an article for *Accounting Today*, Ajay Wanchoo, Gregory A. Bocchino and Chaitanya Ejner from KPMG say cloud-based technology has become a necessity for organizations that want their systems to be flexible enough to not just endure but excel in an increasingly unpredictable future. Savvy organizations know the US Tax Code offers an opportunity for organizations migrating to cloud services to significantly enhance their return on investment. Read the article.

Upcoming CPE opportunities

KPMG Executive Education will host the **32nd Annual Accounting & Financial Reporting Symposium** in Las Vegas on December 1 and 2. KPMG and industry thought leaders will share insights on FASB and SEC developments, audit committee issues, federal tax policy and fostering innovative thinking. Discounts are available. Find out more information here.

KPMG Financial Reporting View (FRV) offers additional CPE opportunities, including registration information for upcoming Financial Reporting webcasts. The webcasts feature KPMG professionals discussing current and future accounting and financial reporting matters, and guidance for implementing new accounting standards.

Appendix: Accounting standards effective dates

In this table:

A = annual periods

I = interim periods

* = Indicates a gap in ASU sequencing. ASUs excluded from this list are effective for all applicable entities, including entities with off-calendar year-ends.

☐ = If 'Complex effective date' is marked 'Yes', additional information is required to determine when the ASU is effective for your company. See the source ASU at fasb.org for complete effective date information. For certain ASUs, additional information is provided in the footnotes.

⮝ = Certain not-for-profit entities and employee benefit plans must adopt this ASU using the public company effective dates. For more information, refer to the source ASU at fasb.org.

Blue shading indicates that the **ASU is first effective in 2022 for a calendar year-end entity.**

The ASUs in this table are generally effective for A/I periods in fiscal years beginning on or after the dates provided.

Appendix: Accounting standards effective dates

				Public business entities						
ASU	**Title**	**Topics**	**A/I**	**SEC filers *not* eligible to be an SRC**	**SEC filers eligible to be an SRC**	**Not an SEC filer**	**All other entities**	**Early adoption**	**Complex effective date**	**Resources**
2022-03	Fair value measurement of equity securities subject to contractual sale restrictions	820	A	12/15/23	12/15/23	12/15/23	12/15/24	Yes	No	Defining Issues Podcast
			I	12/15/23	12/15/23	12/15/23	12/15/24			
2022-02	Troubled debt restructurings and vintage disclosures	326	A	12/15/22	12/15/22	12/15/22	12/15/22	Yes[1]	Yes	Defining Issues Handbook Hot Topic (FAQs)
			I	12/15/22	12/15/22	12/15/22	12/15/22			
2022-01	Fair value hedging—Portfolio layer method	815	A	12/15/22	12/15/22	12/15/22	12/15/23	Yes	No	Defining Issues Handbook
			I	12/15/22	12/15/22	12/15/22	12/15/23			
2021-10	Disclosures by business entities about government assistance	832	A	12/15/21	12/15/21	12/15/21	12/15/21[2]	Yes	No	Defining Issues
			I	N/A	N/A	N/A	N/A			
2021-09	Discount rate for lessees that are not public business entities	842	A	N/A	N/A	N/A	12/15/21	Yes	No	Defining Issues Handbook
			I	N/A	N/A	N/A	12/15/22			
2021-08	Accounting for contract assets and contract liabilities from contracts with customers	805	A	12/15/22	12/15/22	12/15/22	12/15/23	Yes	No	Defining Issues
			I	12/15/22	12/15/22	12/15/22	12/15/23			
2021-07	Determining the current price of an underlying share for equity-classified share-based awards	718	A	N/A	N/A	N/A	12/15/21	Yes	No	Defining Issues
			I	N/A	N/A	N/A	12/15/22			
2021-05*	Lessors—Certain leases with variable lease payments	842	A	12/15/21	12/15/21	12/15/21	12/15/21	Yes	No	Defining Issues Handbook
			I	12/15/21	12/15/21	12/15/21	12/15/22			
2021-04	Issuer's accounting for certain modifications or exchanges of free-standing equity-classified written call options	260 470-50 718 815-40	A	12/15/21	12/15/21	12/15/21	12/15/21	Yes	No	Defining Issues
			I	12/15/21	12/15/21	12/15/21	12/15/21			
2021-02	Revenue from contracts with customers: Practical expedient for franchisors	952-606	A	N/A	N/A	N/A	12/15/20	Yes	Yes[3]	Revenue for franchisors
			I	N/A	N/A	N/A	12/15/20			

Appendix: Accounting standards effective dates

ASU	Title	Topics	A/I	Public business entities: SEC filers *not* eligible to be an SRC	Public business entities: SEC filers eligible to be an SRC	Public business entities: Not an SEC filer	All other entities	Early adoption	Complex effective date	Resources
2021-01*	Reference rate reform: Scope	848	A	1/7/21	1/7/21	1/7/21	1/7/21	N/A	Yes[4]	Defining Issues
			I	1/7/21	1/7/21	1/7/21	1/7/21			
2020-10*	Codification improvements	Various	A	12/15/20	12/15/20	12/15/20	12/15/21	Yes	No	Web article
			I	12/15/20	12/15/20	12/15/20	12/15/22			
2020-08*	Codification improvements to Subtopic 310-10, Receivables—Nonrefundable fees and other costs	310-20	A	12/15/20	12/15/20	12/15/20	12/15/21	No	No	—
			I	12/15/20	12/15/20	12/15/20	12/15/22			
2020-07	Presentation and disclosures by not-for-profit entities for contributed nonfinancial assets	958	A	N/A	N/A	N/A	6/15/21	Yes	No	Defining Issues
			I	N/A	N/A	N/A	6/15/22			
2020-06	Accounting for convertible instruments and contracts in an entity's own equity	470-20 815-40	A	12/15/21	12/15/23	12/15/23	12/15/23	Yes[5]	No	Defining Issues Handbook
			I	12/15/21	12/15/23	12/15/23	12/15/23			
2020-04*	Simplifying the effects of reference rate reform on financial reporting	848	A	3/12/20	3/12/20	3/12/20	3/12/20	N/A	Yes[6]	Defining Issues
			I	3/12/20	3/12/20	3/12/20	3/12/20			
2020-01*	Clarifying the Interactions between Topic 321, Topic 323 and Topic 815	321 323 815	A	12/15/20	12/15/20	12/15/20	12/15/21	Yes	No	Web article Defining Issues Handbook
			I	12/15/20	12/15/20	12/15/20	12/15/21			
2019-12	Simplifying the accounting for income taxes	740	A	12/15/20	12/15/20	12/15/20	12/15/21	Yes	No	Defining Issues Handbook
			I	12/15/20	12/15/20	12/15/20	12/15/22			
2019-11	Codification improvements to Topic 326, Financial instruments—Credit losses	326	A	12/15/19	12/15/22	12/15/22	12/15/22	Yes	Yes[7]	Web article Handbook
			I	12/15/19	12/15/22	12/15/22	12/15/22			

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2019-05*	Credit losses – Targeted transition relief	326	A	12/15/19	12/15/22	12/15/22	12/15/22	Yes	Yes[7]	Web article Handbook
			I	12/15/19	12/15/22	12/15/22	12/15/22			
2019-04	Credit losses, derivatives and hedging, financial instruments – Codification improvements	326 815 825	A	12/15/19	12/15/22	12/15/22	12/15/22	Yes	Yes[8]	Defining Issues Handbook
			I	12/15/19	12/15/22	12/15/22	12/15/22			
2019-02*	Improvements to accounting for costs of films and license agreements for program materials	926-20 920-350	A	12/15/19	12/15/19	12/15/19	12/15/20	Yes	No	Defining Issues
			I	12/15/19	12/15/19	12/15/19	12/15/20			
2019-01^	Leases – Codification Improvements	842	A	12/15/19	12/15/19	12/15/19	12/15/21	Yes	Yes[9]	Defining Issues
			I	12/15/19	12/15/19	12/15/19	12/15/22			
2018-20^	Leases – Narrow-scope improvements for lessors	842	A	12/15/18	12/15/18	12/15/18	12/15/21	Yes	Yes[9,10]	Defining Issues Handbook
			I	12/15/18	12/15/18	12/15/18	12/15/22			
2018-19	Codification improvements to Topic 326, Financial instruments – Credit losses	326	A	12/15/19	12/15/22	12/15/22	12/15/22	Yes	No	Web article Handbook
			I	12/15/19	12/15/22	12/15/22	12/15/22			
2018-18	Collaborative arrangements – Clarifying the interaction between Topic 808 and Topic 606	606 808	A	12/15/19	12/15/19	12/15/19	12/15/20	Yes	No	Defining Issues
			I	12/15/19	12/15/19	12/15/19	12/15/21			
2018-17	Consolidation – Targeted improvements to related party guidance for variable interest entities	810	A	12/15/19	12/15/19	12/15/19	12/15/20	Yes	No	Defining Issues Handbook
			I	12/15/19	12/15/19	12/15/19	12/15/21			
2018-16	Inclusion of the SOFR OIS rate as a benchmark interest rate for hedge accounting purposes	815	A	12/15/18	12/15/18	12/15/18	12/15/20	Yes	Yes[11]	Web article
			I	12/15/18	12/15/18	12/15/18	12/15/21			

Appendix: Accounting standards effective dates

				Public business entities						
ASU	**Titled**	**Topics**	**A/I**	**SEC filers *not* eligible to be an SRC**	**SEC filers eligible to be an SRC**	**Not an SEC filer**	**All other entities**	**Early adoption**	**Complex effective date□**	**Resources**
2018-15	Customer's accounting for implementation costs incurred in a cloud computing arrangement that is a service contract	350-40	A	12/15/19	12/15/19	12/15/19	12/15/20	Yes	No	Hot Topic
			I	12/15/19	12/15/19	12/15/19	12/15/21			
2018-14	Disclosure framework – Changes to the disclosure requirements for defined benefit plans	715-20	A	12/15/19	12/15/19	12/15/19	12/15/20	Yes	Yes[12]	Defining Issues
			I	N/A	N/A	N/A	N/A			
2018-12*	Insurance – Targeted improvements to the accounting for long-duration contracts	944	A	12/15/22	12/15/24	12/15/24	12/15/24	Yes	No	Handbook
			I	12/15/22	12/15/25	12/15/25	12/15/25			
2018-11^	Leases – Targeted improvements	842	A	12/15/18	12/15/18	12/15/18	12/15/21	Yes	Yes[9,13]	Web article Handbook
			I	12/15/18	12/15/18	12/15/18	12/15/22			
2018-10^	Leases – Codification improvements	842	A	12/15/18	12/15/18	12/15/18	12/15/21	Yes	Yes[9,14]	Web article Handbook
			I	12/15/18	12/15/18	12/15/18	12/15/22			
2018-01*^	Leases – Land easement practical expedient for transition	842	A	12/15/18	12/15/18	12/15/18	12/15/21	Yes	Yes[9]	Web article Handbook
			I	12/15/18	12/15/18	12/15/18	12/15/22			
2017-12*	Targeted improvements to the accounting for hedging activities	815	A	12/15/18	12/15/18	12/15/18	12/15/20	Yes	No	Handbook
			I	12/15/18	12/15/18	12/15/18	12/15/21			
2017-04*	Simplifying the test for goodwill impairment	350	A	12/15/19	12/15/22	12/15/22	12/15/22	Yes	No	Defining Issues
			I	12/15/19	12/15/22	12/15/22	12/15/22			
2016-13*	Measurement of credit losses on financial instruments	326	A	12/15/19	12/15/22	12/15/22	12/15/22	Yes	No	Handbook
			I	12/15/19	12/15/22	12/15/22	12/15/22			
2016-02*^	Leases	842	A	12/15/18	12/15/18	12/15/18	12/15/21	Yes	Yes[9]	Handbook
			I	12/15/18	12/15/18	12/15/18	12/15/22			

Appendix: Accounting standards effective dates

Notes

1. Early adoption of ASU 2022-02 is permitted for all entities that have adopted Topic 326. If an entity adopts the ASU in an interim period, it applies the guidance in the ASU as of the beginning of the fiscal year that includes the interim period. An entity may early adopt the amendments related to receivable modifications by creditors separately from the amendments related to vintage disclosures.
2. ASU 2021-10 applies to all entities except for not-for-profit entities in the scope of Topic 958 and employee benefit plans in the scope of Topics 960, 962 and 965.
3. The effectives dates of ASU 2021-02 shown here are for entities to which the ASU applies that had already adopted Topic 606 when ASU 2021-02 was issued (1/28/2021).
4. ASU 2021-01 may be applied as of the beginning of an interim period that includes 3/12/2020 (see ASU 2020-04) and is only available for a limited time, generally through 12/31/2022.
5. All entities may early adopt ASU 2020-06, but no earlier than annual and interim periods in fiscal years beginning after 12/15/2020. An entity adopts the guidance at the beginning of its fiscal year. See ASU 2020-06 for more information.
6. ASU 2020-04 is effective for all entities from 3/12/2020 to 12/31/2022.
7. For entities that have adopted ASU 2016-13, this ASU was effective for annual and interim periods in fiscal years beginning after 12/15/2019.
8. The effective dates of ASU 2019-04 shown here relate to the amendments to Topic 326 only and apply to entities that have not yet adopted ASU 2016-13. See ASU 2019-04 for detailed effective date information for early adopters and the other amendments therein.
9. The effective dates for 'All other entities' applies to private companies that had not yet issued (or made available for issuance) financial statements reflecting the adoption of Topic 842 as of 6/3/2020.

   'Public' not-for-profit entities (i.e. not-for-profit entities that have issued or are conduit bond obligors for securities that are traded or quoted on an exchange or an over the counter market) that had not yet issued (or made available for issuance) financial statements reflecting the adoption of Topic 842 as of 6/3/2020 must adopt Topic 842 for annual and interim periods in fiscal years beginning after 12/15/2019.
10. For entities that have adopted ASU 2016-02, ASU 2018-20 can be elected at (1) the beginning of the first financial reporting period in which the ASU was issued, (2) the beginning of the first financial reporting period after the ASU was issued, or (3) the entity's mandatory Topic 842 effective date.
11. ASU 2018-16 is generally effective at the same time as ASU 2017-12. However, entities that are not public business entities that have adopted ASU 2017-12 were required to adopt ASU 2018-16 for annual and interim periods in fiscal years beginning after 12/15/2019.
12. ASU 2018-14 is effective for public business entities for annual periods *ending* after 12/15/2020 and, for all other entities, for annual periods *ending* after 12/15/2021.
13. For entities that have adopted ASU 2016-02, ASU 2018-11 became effective on issuance (7/30/2018), but can only be adopted by entities either at (1) the beginning of their first reporting period after issuance or (2) their mandatory Topic 842 effective date.
14. For entities that have adopted ASU 2016-02, ASU 2018-10 became effective on issuance (7/18/2018).

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