KPMG

Quarterly Outlook

June 2023

As anticipation builds for SEC action on ESG later this year, we are closely monitoring the FASB's standard-setting on various projects that will have a broad impact, particularly on financial statement disclosure.

US GAAP

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Quarterly Outlook

June 2023

The Q2 headlines are largely focused on FASB standard-setting. The FASB technical agenda is packed with broad-scope projects primarily driven by stakeholder feedback and the need to modernize and evolve with changing circumstances. Many of those projects impact financial statement disclosure in some way – including a forthcoming standard on segments and proposal on disaggregation of income statement expenses.

While we await several SEC developments slated for 2023 that will impact financial reporting – including the highly anticipated climate rule (now anticipated for Fall 2023) – the SEC did release a final rule that will require issuers to provide additional disclosure about their share repurchases. This new rule illustrates that – much like the FASB – the SEC also remains focused on enhanced transparency.

Companies should also continue to monitor for macroeconomic trends and events and consider their potential impacts on financial reporting and disclosure.

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

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1 Current quarter financial reporting matters

Monitoring for impacts of economic uncertainty on accounting and financial reporting

In our December edition, we highlighted various areas of financial reporting that are frequently affected by economic uncertainty, such as threats of a potential recession, rising interest rates, inflation and geopolitical events. It is important for companies to remember that the economic impacts of these macroeconomic trends and events continue to evolve rapidly and should be monitored. Companies are encouraged to revisit their disclosures and maintain close communication with their boards of directors, audit committees, external auditors, legal counsel and other service providers as the circumstances develop.

KPMG resources: Podcast; Hot Topics on Impairment and Leases

New excise tax effective in 2023

As a reminder, the Inflation Reduction Act of 2022 (IRA) was signed into law in August 2022. Among other things, the legislation imposes a 1% excise tax on stock repurchases in a tax year that are made by certain publicly traded corporations. The tax applies to repurchases of common and preferred stock, net of issuances (including exercises of options or vesting of restricted shares). This new tax is effective in 2023 for calendar year-end public companies to which it applies.

The excise tax is derived from a non-income-based measure and is therefore not accounted for as an income tax under Topic 740 (income taxes). Instead, companies will generally account for the tax as a direct cost of a repurchase of a corporate stock transaction. It is appropriate for a company to recognize these direct costs in the period(s) that includes a repurchase, and subsequently adjust those costs for any reductions in the period that includes a stock issuance.

A company follows the repurchase accounting that is appropriate for the stock being repurchased to determine the geography of the excise tax imposed. Repurchase accounting depends on the balance sheet classification, i.e. permanent equity (which may differ for common stock and preferred stock), temporary equity or liability. For example, the cost of repurchasing a liability-classified preferred share affects pretax income (loss) while the cost of repurchasing a permanent equity-classified common share affects equity. Similar considerations apply to repurchases of share-based payment awards subject to Topic 718 (stock compensation). However, if a repurchase triggers additional compensation expense under Topic 718, the cost may affect pretax income, even if the award is equity-classified.

In certain situations, if a company completes multiple repurchase transactions, the related charges for excise tax may affect both pretax income and equity. In this situation, if an adjustment must be made to the total excise tax due to issuances, companies select a reasonable and consistent policy for allocating that adjustment.

For a calendar year-end company, the excise tax for the 2023 tax year will be paid in 2024. Therefore, there is no cash flow to report in 2023 financial statements. However, there may be noncash financing activities to disclose – e.g. the amount of excise tax charged to equity. Companies are encouraged to start considering the appropriate presentation for the ultimate cash outflow, including whether a split between financing and operating activities may be necessary based on the facts and circumstances.

KPMG resources: IRA and CHIPS: Tax considerations and Podcast

ESG reporting update

While we wait for the SEC to release its final climate rule, the International Sustainability Standards Board (ISSB) and European Union (EU) move closer to finalizing their sustainability disclosure standards.

SEC regulatory update

Signs are now pointing to a fall release of a final climate rule for issuers, which is not surprising considering the volume of comments the SEC received and continues to receive on the 2022 proposal. Significant questions about the final rule include the nature of the disclosures that might be required in the financial statements and the disclosure of greenhouse gas (GHG) emissions, in particular Scope 3. We currently await publication of the SEC's Spring 2023 regulatory agenda for more information on a release date.

The Spring 2023 regulatory agenda will also provide updated timing for proposed amendments to the human capital disclosures. This proposal could include a list of detailed quantitative and qualitative disclosures on workforce-related topics like diversity, turnover, compensation and benefits, and training. It is not yet clear whether the proposal will also require more expansive disclosures that include a company's governance, strategy and risk management for its human capital management.

The SEC has various other ESG-related items on its agenda, including a final rule on cybersecurity risk governance.

ISSB developments

In April, the ISSB agreed on a climate-first option that would allow companies adopting the two forthcoming sustainability disclosure standards on general requirements (IFRS S1) and climate (IFRS S2) to focus on reporting only climate-related risks and opportunities in the first year of adoption. The effective date of the climate standard remains January 1, 2024, subject to adoption by local jurisdictions. That means the effective date of the *non-climate* related disclosure requirements in the general requirements standard would be deferred to January 1, 2025 (i.e. the second year of adoption). Additional transition options include relief related to disclosing comparative information and Scope 3 GHG emissions.

Final ISSB standards are expected in late June 2023. Countries are already announcing commitments to consider the final ISSB standards for local adoption, including Australia, Japan and the UK.

In May, the ISSB opened two new consultations for public comment.

- **Agenda priorities**. In addition to developing guidance to support implementing the first standards on climate and general requirements, the ISSB has identified four potential projects that it plans to address in its next two-year work plan: biodiversity, human capital, human rights and integration in reporting.
- **Sustainability Accounting Standards Board (SASB) Standards**. The ISSB is seeking to enhance the international applicability of the SASB Standards by revising jurisdictional-specific SASB metrics before its general requirements standard is effective.

EU developments

The European Financial Reporting Advisory Group's (EFRAG's) first set of draft European Sustainability Reporting Standards (ESRSs) was sent to the European Commission (EC) for approval in November 2022. As part of its own due process, the EC will imminently expose revised draft standards for a further short period before issuing the final standards. Although it is expected that the revised drafts will include some simplifications, the exact nature of these remains to be seen.

GHG emissions reporting

The forthcoming SEC, ISSB and EU climate-related disclosure requirements will differ in a number of ways; however, the disclosure of GHG emissions is expected to be common. We expect this reporting to be heavily informed by the Greenhouse Gas Protocol, which has emerged as a nexus in the climate reporting ecosystem.

The Protocol provides the underlying principles, concepts and methods to develop a GHG emissions inventory that can be used for various voluntary or mandatory reporting purposes. Understanding the accounting and reporting for GHG emissions through the lens of the Protocol is a key step in preparing for the future of emissions reporting. For dual reporters, this includes understanding how the respective forthcoming climate-related disclosure requirements compare to each other and to the Protocol.

Select KPMG ESG resources:

- KPMG Handbook: GHG emissions reporting
- ESG reporting for US financial reporting professionals: KPMG FRV resource page
- International sustainability reporting: ISSB sustainability reporting resource center
- EU sustainability reporting: ESRS sustainability reporting resource center

SEC modernizes share repurchase disclosures rules

The SEC has issued a final rule that requires issuers to provide additional disclosure about their share repurchases. The amendments are intended to provide investors with enhanced information to assess the purpose and effects of the repurchases. Specifically, the amendments require an issuer to:

- disclose, in a tabular format, its repurchase activity aggregated on a daily basis and provided either quarterly or semi-annually (depending on filer type);
- include a checkbox preceding its tabular disclosures indicating whether certain officers and directors have purchased or sold shares that are the subject of an issuer share

repurchase plan or program within four business days before or after the announcement of that plan or program;

- provide narrative disclosure about its share repurchase programs and practices in periodic filings; and
- provide quarterly disclosure in its periodic reports on Forms 10-K and 10-Q about its adoption and termination of 10b5-1 trading agreements.

The amendments also eliminate the current requirements in Regulation S-K, Form 20-F and Form N-CSR to disclose monthly repurchase data in periodic reports.

Issuers that file Forms 10-K and 10-Q must comply with the requirements in their first filing covering the first full fiscal quarter beginning on or after October 1, 2023 (i.e. for calendar year-end issuers, in Form 10-K for the year ending December 31, 2023 for repurchases during the quarter ended December 31, 2023). Foreign private issuers and listed closed-end funds have later compliance dates.

KPMG resources: Web article

Audit developments of interest to audit committees

PCAOB enhances transparency of its inspection reports

The PCAOB has enhanced the transparency of its inspection reports by making more information publicly available for investors and other stakeholders, including:

- a new section focused on independence violations;
- more information related to fraud procedures and risk assessment;
- further commentary about certain situations for areas in which the PCAOB staff identified deficiencies; and
- new graphs to clearly show firm and engagement partner tenure.

The changes will first appear in reports for PCAOB inspections completed in 2022.

PCAOB proposal on noncompliance with laws and regulations

The PCAOB has proposed a new standard that seeks to strengthen the auditor’s obligations related to a company’s noncompliance with laws and regulations in three key areas.

- **Identify –** would establish specific requirements for auditors to proactively identify – through inquiry and other procedures – laws and regulations that apply to the company and could have a material effect on the financial statements if not complied with and would make explicit that financial statement fraud is a type of noncompliance with laws and regulations.
- **Evaluate** – would strengthen requirements related to the auditor’s evaluation of whether noncompliance with laws and regulations has occurred and, if so, the possible effects on the financial statements and other aspects of the audit.
- **Communicate –** would make clear that the auditor is required to communicate to the appropriate level of management and the audit committee as soon as it is made aware

that noncompliance with laws or regulations has or may have occurred, and would create a new requirement that the auditor must communicate to management and the audit committee the results of the auditor's evaluation of such information.

The comment period ends August 7.

PCAOB proposal on general auditor responsibilities

The PCAOB has proposed a new standard that would replace a group of interim standards adopted by the Board in 2003. This new auditing standard would address the general responsibilities of the auditor when conducting an audit in accordance with PCAOB standards, which include reasonable assurance, due professional care, independence, competence and professional judgment.

The proposal would also amend certain other standards that address responsibilities fundamental to the conduct of an audit and would:

- clarify the engagement partner's responsibility to exercise due professional care related to supervision and review of the audit;
- accelerate the documentation completion date by reducing the maximum period for the auditor to assemble a complete and final set of audit documentation from 45 to 14 days; and
- clarify the auditor's responsibility to evaluate whether the financial statements are 'presented fairly'.

The PCAOB is proposing these changes to keep pace with the ever-evolving auditing environment. Since 2003, this evolution includes new or revised Board-issued auditing and independence requirements, and advancements in technology impacting the use of electronic audit tools and audit software.

The comment period ended May 30.

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2 New standards and guidance

Recently issued ASUs – In case you missed it

In late-March, the FASB issued two new ASUs that address these narrow scope issues.

- **ASU 2023-02, Expanding the proportional amortization method (PAM).** This ASU clarifies the criteria that a tax equity investment must meet to qualify for the PAM and allows an investor to elect the PAM for qualifying investments on a tax credit program-by-program basis. In addition, disclosures are required on an interim and annual basis for tax equity investments within tax credit programs for which the PAM is elected, regardless of whether the PAM is applied.

  Effective date: For public business entities in 2024, and all other entities in 2025. Early adoption is permitted.

  KPMG resources: Defining Issues and NEW Handbook: Tax credits

- **ASU 2023-01, Common control lease arrangements.** This ASU permits *private companies* to identify, classify and account for common control leases by using any written terms and conditions between the parties, without regard to their legal enforceability. In addition, *all lessees* (public or private) will, in general, amortize leasehold improvements related to a common control lease over their 'useful life' to the common control group, regardless of the Topic 842 'lease term', as long as the lessees continue to control the use of the underlying leased asset.

  Effective date: All entities in 2024. Early adoption is permitted.

  KPMG resources: Defining Issues

3 Projects and agenda priorities

FASB proposes illustration for profits interest awards

The FASB issued a proposed ASU to address a scope application issue – raised by the Private Company Council (PCC) to the FASB – related to the accounting for profits interest awards[1].

Today, determining whether profits interest awards are share-based payment arrangements in the scope of Topic 718 (stock compensation) or are more like cash bonus or profit sharing arrangements in the scope of Topic 710 (compensation—general) requires judgment, resulting in diversity in practice.

The PCC recommended to the FASB that it add a project to its agenda to address the issue. Based on PCC and FASB staff research, the issue impacts both public and private companies that issue profits interest and other similar awards.

The proposal would add an illustrative example with four different fact patterns to demonstrate how a company would apply the scope guidance in paragraph 718-10-15-3 to determine whether profits interest awards should be accounted for under Topic 718.

The comment period ends July 10.

KPMG resources: Visit our project page.

Other proposals issued – In case you missed it

In March, the FASB issued two proposed ASUs that would address these issues gaining broad interest.

- **Accounting for and disclosure of crypto assets.** This proposed ASU would introduce a new Codification Subtopic to address scope, measurement, presentation and disclosure for certain digital assets. It would apply equally to public and private companies. The comment period ended May 30.

  KPMG resources: Visit our project page.

[1] ‘Profits interest’ is not a defined term in US GAAP. However, it is defined in IRS Revenue Procedure 93-27 as a “partnership interest other than a capital interest.” In contrast to a capital interest, a profits interest provides the holder with rights to a share of the partnership’s future profits and/or equity appreciation but does not provide the holder with rights to the existing net assets of the partnership.

Certain entities provide employees or other service providers with profits interest awards to align compensation with an entity’s operating performance and provide those holders with the opportunity to participate in future profits and/or equity appreciation of the entity. Profits interest awards also may incentivize recipients to assist the entity to achieve a specific operating metric or objective.

- **Improvements to income tax disclosures.** This proposed ASU intends to improve the transparency and decision usefulness of income tax disclosures and would primarily focus on disclosures related to the rate reconciliation and income taxes paid. The comment period ended June 6.

  KPMG resources: Visit our project page.

EITF adds new project to its agenda on convertible debt instruments

At its April agenda committee meeting and in response to stakeholder feedback, the FASB Emerging Issues Task Force (EITF) decided to add a project to its agenda to improve the relevance of the existing induced conversion guidance in Subtopic 470-20 (debt with conversion and other options). The project scope will focus on the applicability of the induced conversion guidance to the early settlement of convertible debt instruments.

Since ASU 2020-06 was issued, stakeholders have raised questions about the accounting for certain settlements of convertible debt instruments that do not occur under the contractual conversion provisions of those instruments. Those questions primarily relate to convertible debt instruments with provisions that permit the issuer to settle conversion partly or wholly in cash (i.e. instruments with cash conversion features). Stakeholders also have raised other general questions about applying the induced conversion model.

The next EITF meeting is on June 15.

April PCC meeting

The Private Company Council (PCC) met in April and discussed various FASB projects and developments. Key highlights are summarized below.

- **Accounting for and disclosure of software costs.** The FASB staff summarized the Board's tentative decision to pursue a single model to account for software development costs. Under that model, all direct software development costs would be capitalized from the point at which it is probable that the software project will be completed and the software will be used to perform the function intended (the probable threshold).

  PCC members discussed elements of the single model, primarily the probable threshold, unit of account, maintenance and enhancements, and disclosure. Members expressed general support for the probable threshold and the indicators provided for consistent application, but highlighted challenges in determining the unit of account in an agile environment and distinguishing between maintenance and enhancements. In addition, while members appreciated the need for enhanced disclosure, certain members questioned whether the breadth of the suggested disclosures is necessary – particularly for private entity stakeholders.

- **Accounting for and disclosure of crypto assets.** The FASB staff discussed the proposed ASU on crypto assets. Overall, PCC members were supportive of the amendments but provided mixed feedback on the effective date and transition provisions. Some members supported the same effective dates for public and private entities while others would prefer additional time for private entities to adopt the guidance.

- **Credit losses—implementation.** PCC members discussed feedback obtained from a group of nonpublic financial institutions on implementing Topic 326 (credit losses). Challenges discussed included sufficiency of historical loss data and determining the allowance for off-balance sheet credit exposure. However, most participants described the overall implementation experience as generally positive.

The next meeting is on June 22 and 23.

March FASAC meeting

The Financial Accounting Standards Advisory Council (FASAC) met in March to discuss hot topics and emerging accounting issues. Key highlights are summarized below.

- **Definition of a derivative.** FASAC members discussed the Board's research project and provided input about potential refinements to the scope of Topic 815 (derivatives and hedging). Members were generally supportive of adding a project to the FASB technical agenda.

  The members discussed the pervasiveness of certain arrangements under consideration by the Board (e.g. R&D funding arrangements, ESG-linked financial instruments). While certain members supported the Board providing scope exceptions for these arrangements or clarifying the current definition of a derivative, others preferred a more holistic approach when determining whether an arrangement should be accounted for as a derivative.
- **Changing business practices and emerging accounting issues.** FASAC members discussed emerging accounting issues, changing or new business practices and trends in the current environment. Key topics discussed included: statement of cash flows, financial key performance indicators, inflation and foreign currency exchange rates, supply chain financing and agreements, research and development costs, and accounting for advertising costs. Members discussed challenges encountered by preparers in applying US GAAP within these topics, potential suggestions for improvements, and the benefits to investors.
- **FASB interpretive process and role of the EITF.** FASAC members discussed the current and historical role of the Emerging Issues Task Force (EITF) and identified potential areas to improve the current interpretive process. Members expressed overall support for the interpretive process and discussed the types of issues the EITF should address, such as clarifying applicability of US GAAP to certain transactions and resolving narrow scope issues where there is diversity in practice. Members suggested the EITF leverage more working groups with subject matter and industry expertise and addressed the need for reasonable effective dates and transition options for interpretive guidance.

4 Recommended reading and CPE opportunities

Commentary: The wild west of renewables

The incentives in the Inflation Reduction Act (IRA) have the potential to drive the next wave of renewable energy innovation, encouraging new entrants to join the market while creating new mechanisms for incumbents to diversify and monetize their portfolio of renewable assets. However, inflation, supply shortages, geopolitics, high interest rates, COVID-19 and other market- and industry-specific factors have played a role in delaying the full realization of the IRA's benefits. KPMG Audit Partner **Todd Fowler**, Tax Partner **Kim Sucha** and Tax Principal **Hannah Hawkins** discuss the state of energy tax credits today and the related accounting and tax implications. Read the article.

Think tank: It's time to embed climate considerations into supply chain strategies

As companies focus on reducing their greenhouse gas footprint, buyers and suppliers have an opportunity to embed climate considerations into their supply chain strategies. In the process, they can reduce vulnerabilities and potentially outperform their competitors. KPMG Advisory Managing Director **Blythe Chorn** discusses the results of the firm's 2022 US CEO Outlook with a focus on the key challenges and opportunities in driving business growth at a time of disruption and uncertainty. Read the article.

Who's on first, what's on second: How can companies score on ESG reporting?

Commentators have said companies need an ESG controller or chief sustainability reporting officer to contend with an increasingly scrupulous environment in which regulators and other stakeholders are demanding heightened transparency and accelerated progress around ESG-related risks. Today, chief sustainability officers, CFOs, financial officers, controllers, and risk management and compliance officers each have a seat at the table for ESG strategy, operations, and, soon enough, reporting. KPMG ESG Leader **Rob Fisher** and ESG Audit Leader **Maura Hodge** discuss ESG reporting, strategy and how to assemble a winning team. Read the article.

Upcoming CPE opportunities

KPMG Executive Education will host the **33rd Annual Accounting & Financial Reporting Symposium** in Las Vegas November 30 to December 1. KPMG and industry thought leaders will share insights on FASB and SEC developments, audit committee issues, federal tax policy, the economy, and technical accounting hot topics. 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 regulatory requirements and 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 2023 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**
2023-02	Accounting for investments in tax credit structures using the proportional amortization method	323	A/I	12/15/23	12/15/23	12/15/23	12/15/24	Yes	No	Defining Issues
2023-01	Leases—Common control arrangements	842	A/I	12/15/23	12/15/23	12/15/23	12/15/23	Yes	Yes[1]	Defining Issues Podcast
2022-06	Deferral of the sunset date of Topic 848	848	A/I	12/21/22	12/21/22	12/21/22	12/21/22	N/A	No	Web article Handbook
2022-05	Insurance—Transition for sold contracts	944	A	12/15/22	12/15/24	12/15/24	12/15/24	Yes	No	Defining Issues
			I	12/15/22	12/15/24	12/15/25	12/15/25			
2022-04	Disclosure of supplier finance program obligations	405-50	A/I	12/15/22	12/15/22	12/15/22	12/15/22	Yes	Yes[2]	Defining Issues Podcast
2022-03	Fair value measurement of equity securities subject to contractual sale restrictions	820	A/I	12/15/23	12/15/23	12/15/23	12/15/24	Yes	No	Defining Issues Podcast
2022-02	Troubled debt restructurings and vintage disclosures	326	A/I	12/15/22	12/15/22	12/15/22	12/15/22	Yes[3]	Yes	Defining Issues Handbook Hot Topic (FAQs)
2022-01	Fair value hedging—Portfolio layer method	815	A/I	12/15/22	12/15/22	12/15/22	12/15/23	Yes	No	Defining Issues Handbook
2021-10	Disclosures by business entities about government assistance	832	A	12/15/21	12/15/21	12/15/21	12/15/21[4]	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/I	12/15/22	12/15/22	12/15/22	12/15/23	Yes	No	Defining Issues

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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**
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/I	12/15/21	12/15/21	12/15/21	12/15/21	Yes	No	Defining Issues
2021-01*	Reference rate reform: Scope	848	A/I	1/7/21	1/7/21	1/7/21	1/7/21	N/A	Yes[5]	Defining Issues Handbook
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/I	12/15/21	12/15/23	12/15/23	12/15/23	Yes[6]	No	Defining Issues Handbook
2020-04*	Simplifying the effects of reference rate reform on financial reporting	848	A/I	3/12/20	3/12/20	3/12/20	3/12/20	N/A	Yes[7]	Defining Issues Handbook

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
2020-01*	Clarifying the Interactions between Topic 321, Topic 323 and Topic 815	321 323 815	A/I	12/15/20	12/15/20	12/15/20	12/15/21	Yes	No	Web article Defining Issues Handbook
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/I	12/15/19	12/15/22	12/15/22	12/15/22	Yes	Yes[8]	Web article Handbook
2019-05*	Credit losses – Targeted transition relief	326	A/I	12/15/19	12/15/22	12/15/22	12/15/22	Yes	Yes[8]	Web article Handbook
2019-04	Credit losses, derivatives and hedging, financial instruments – Codification improvements	326 815 825	A/I	12/15/19	12/15/22	12/15/22	12/15/22	Yes	Yes[9]	Defining Issues Handbook
2019-01*^	Leases – Codification Improvements	842	A	12/15/19	12/15/19	12/15/19	12/15/21	Yes	Yes[10]	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[10,11]	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/I	12/15/19	12/15/22	12/15/22	12/15/22	Yes	No	Web article Handbook
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[10,12]	Web article Handbook
			I	12/15/18	12/15/18	12/15/18	12/15/22			

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
2018-10⮝	Leases – Codification improvements	842	A	12/15/18	12/15/18	12/15/18	12/15/21	Yes	Yes[10,13]	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[10]	Web article Handbook
			I	12/15/18	12/15/18	12/15/18	12/15/22			
2017-04*	Simplifying the test for goodwill impairment	350	A/I	12/15/19	12/15/22	12/15/22	12/15/22	Yes	No	Defining Issues
2016-13*	Measurement of credit losses on financial instruments	326	A/I	12/15/19	12/15/22	12/15/22	12/15/22	Yes	No	Handbook
2016-02*⮝	Leases	842	A	12/15/18	12/15/18	12/15/18	12/15/21	Yes	Yes[10]	Handbook
			I	12/15/18	12/15/18	12/15/18	12/15/22			

Appendix: Accounting standards effective dates

Notes

[1] ASU 2023-01 addresses two issues: Issue 1 (written terms and conditions) and Issue 2 (accounting for leasehold improvements). An entity can elect different adoption dates for Issue 1 and Issue 2 (e.g. early adopt one and not the other). See ASU 2023-01 for more detail.

[2] ASU 2022-04 generally becomes effective for all entities for annual and interim periods in fiscal years beginning after December 15, 2022, except for the rollforward disclosure, which is effective for fiscal years beginning after December 15, 2023.

[3] 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.

[4] 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.

[5] 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 12/31/2024.

[6] All entities were permitted to 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.

[7] ASU 2020-04 is effective for all entities from 3/12/2020 to 12/31/2024.

[8] 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.

[9] 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.

[10] 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.

[11] 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.

[12] 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.

[13] For entities that have adopted ASU 2016-02, ASU 2018-10 became effective on issuance (7/18/2018).

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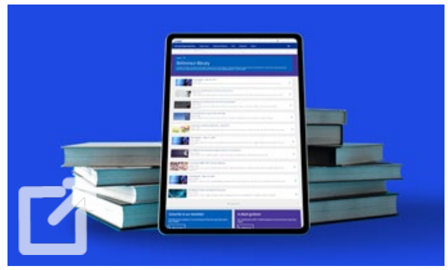

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