

Closing the GAAP: New US GAAP Pronouncements (including developments to June 30, 2018)

Contents

2 Developments related to 2017 calendar years

4 Developments related to 2018 calendar years

8 Developments related to 2019 calendar years

10 Developments related to 2020 calendar years

The following summarizes US GAAP pronouncements that must be applied, if applicable, for the first time by a calendar year-end entity that prepares financial statements in accordance with US GAAP. This newsletter sets out new requirements by the calendar year in which they are first effective.

The listing includes updates from the FASB Accounting Standard Updates ("ASU").

This ACS newsletter supersedes the information in previous [Newsletter 2018-038](#) and will be updated quarterly. Developments since the previous newsletter, if any, are highlighted in yellow.

While we have attempted to make this newsletter as complete as possible, it may not include all changes or modifications to existing authoritative literature that may affect a particular enterprise.



Developments related to 2017 calendar years

Reference	Pronouncement and Effective Date Impacting 2017 Calendar Years
ASU 2018-05 SAB No. 118	<p><u>Income tax accounting implications of the Tax Cuts and Jobs Act (the “Act”)</u></p> <p>This Act was signed into law on December 22, 2017. SAB 118 provides guidance regarding the application of ASC Topic 740, <i>Income Taxes</i>, in the reporting period that includes December 22, 2017.</p> <p style="text-align: right;"><i>Learning more:</i> US2017-34</p>
ASU 2017-02 Subtopic 958-810	<p><u>Not-for-Profit Entities – Consolidation</u></p> <p>Clarify when a not-for-profit entity that is a general partner or a limited partner should consolidate a for-profit limited partnership or similar legal entity once the amendments in ASU 2015-02, <i>Consolidation (Topic 810): Amendments to the Consolidation Analysis</i>, become effective.</p> <p>Effective for not-for-profit entities for years beginning after December 15, 2016 and interim periods within years beginning after December 15, 2017.</p>
ASU 2016-17 Topic 810	<p><u>Interests held through related parties that are under common control</u></p> <p>Amended to change the evaluation of whether a reporting entity is the primary beneficiary of a variable interest entity (VIE) by changing how a reporting entity that is a single decision maker of a VIE treats indirect interests in the entity held through related parties that are under common control with the reporting entity.</p> <p>Effective for public business entities for years beginning after December 15, 2016 and interim periods within those years. Effective for all other entities for years beginning after December 15, 2016 and interim periods within years beginning after December 15, 2017.</p>
ASU 2016-09 Topic 718	<p><u>Improvements to employee share-based payment accounting</u></p> <p>Amended to simplify several aspects of accounting for share-based payment transactions including income tax consequences, classification of awards as either equity or liabilities, classification on the statement of cash flows and accounting for forfeitures. Some of the areas for simplification apply only to nonpublic entities.</p> <p>Effective for public business entities for years beginning after December 15, 2016, and interim periods within those years. Effective for all other entities for years beginning after December 15, 2017, and interim periods within years beginning after December 15, 2018.</p> <p style="text-align: right;"><i>Learning more:</i> US2016-03</p>
ASU 2016-07 Topic 323	<p><u>Transitioning to the equity method of accounting</u></p> <p>Amended to simplify transition to the equity method of accounting including eliminating the requirement to retroactively adopt the equity method.</p> <p>Effective for all entities for years beginning after December 15, 2016 and interim periods within those years.</p>

Developments related to 2017 calendar years

Reference	Pronouncement and Effective Date Impacting 2017 Calendar Years
ASU 2016-06 Topic 815	<p><u>Contingent put and call options in debt instruments</u></p> <p>Amended to clarify the requirements for assessing whether contingent call (put) options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts.</p> <p>Effective for public business entities for years beginning after December 15, 2016 and interim periods within those years. Effective for all other entities for years beginning after December 15, 2017 and interim periods within years beginning after December 15, 2018.</p>
ASU 2016-05 Topic 815	<p><u>Effect of derivative contract novations on existing hedge accounting relationships</u></p> <p>Amended to clarify that a change in the counterparty to a derivative instrument designated as a hedging instrument under Topic 815, <i>Derivatives and Hedging</i>, does not, in and of itself, require de-designation of that hedging relationship provided that all other hedge accounting criteria continue to be met.</p> <p>Effective for public business entities for years beginning after December 15, 2016 and interim periods within those years. Effective for all other entities for years beginning after December 15, 2017 and interim periods within years beginning after December 15, 2018.</p>
ASU 2015-17 Topic 740	<p><u>Balance sheet classification of deferred taxes</u></p> <p>Amended to require that deferred tax assets and liabilities be classified as noncurrent in a classified statement of financial position.</p> <p>Effective for public business entities for years beginning after December 15, 2016 and interim periods within those years. Effective for all other entities for years beginning after December 15, 2017 and interim periods within years beginning after December 15, 2018.</p>
<i>Learning more: US2015-14</i>	
ASU 2015-11 Topic 330	<p><u>Measurement of inventory</u></p> <p>For inventory measured using any method other than last-in, first-out (LIFO) or the retail inventory method, amended to require subsequent measurement of such inventory at the lower of cost and net realizable value.</p> <p>Effective for public business entities for years beginning after December 15, 2016 including interim periods within those years. Effective for all other entities for years beginning after December 15, 2016 and interim periods within years beginning after December 15, 2017.</p>

Developments related to 2018 calendar years

Reference	Pronouncement and Effective Date Impacting 2018 Calendar Years
ASU 2018-06 Topic 942	<p><u>Codification improvements – Financial Services: Depository and Lending</u></p> <p>Amended to remove outdated guidance related to the Office of the Comptroller of the Currency's Banking Circular 202, Accounting for Net Deferred Tax Charges. Effective upon issuance.</p>
ASU 2017-10 Topic 853	<p><u>Service concession arrangements – Determining the customer of the operation services</u></p> <p>Amended to clarify that the grantor is the customer of the operation services in all cases for those arrangements in scope of Topic 853.</p> <p>For entities that have not yet adopted ASU 2014-09, <i>Revenue from Contracts with Customers (Topic 606)</i> before the issuance of this ASU, effective at the same time as the entity adopts Topic 606. See below for further information on the effective date of Topic 606. For entities that adopted Topic 606 before the issuance of this ASU, other transition guidance is included in the ASU.</p>
ASU 2017-09 Topic 718	<p><u>Stock compensation and scope of modification accounting</u></p> <p>Amended to provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting.</p> <p>Effective for all entities for years, and interim periods within those years, beginning after December 15, 2017.</p>
ASU 2017-07 Topic 715	<p><u>Presentation of net periodic pension/postretirement benefit costs</u></p> <p>Amended to (i) provide guidance on the presentation of the components of net periodic pension cost and net periodic postretirement benefit cost in the income statement, and (ii) allow only the service cost component to be eligible for capitalization when applicable.</p> <p>Effective for public business entities for years beginning after December 15, 2017, including interim periods within those years. For other entities, effective for years beginning after December 15, 2018, and interim periods within years beginning after December 15, 2019.</p>
Learning more: US2017-05	
ASU 2017-05 Subtopic 610-20	<p><u>Gains and losses from derecognition of nonfinancial assets</u></p> <p>Amended to clarify the scope and to add guidance for partial sales of nonfinancial assets.</p> <p>Subtopic 610-20 was issued in May 2014 as part of ASU 2014-09 <i>Revenue from Contracts with Customers (Topic 606)</i> to provide guidance for recognizing gains and losses from the transfer of nonfinancial assets in contracts with noncustomers.</p> <p>Effective for all entities at the same time as the amendments in ASU 2014-09:</p> <ul style="list-style-type: none"> For public entities, for years beginning after December 15, 2017 and interim periods within those years; For all other entities, for years beginning after December 15, 2018 and interim periods within years beginning after December 15, 2019.
Learning more: US2017-11	

Developments related to 2018 calendar years

Reference	Pronouncement and Effective Date Impacting 2018 Calendar Years
ASU 2017-01 Topic 805	<p><u>Definition of a business</u></p> <p>Amended to clarify the definition of a business.</p> <p>Effective for public business entities for years beginning after December 15, 2017 including interim periods within those years. Effective for all other entities for years beginning after December 15, 2018 and interim periods within years beginning after December 15, 2019.</p> <p><i>Learning more: US2017-01</i></p>
ASU 2016-18 Topic 230	<p><u>Restricted cash</u></p> <p>Amended to require the statement of cash flows to explain change during the period in total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents.</p> <p>Effective for public business entities for years beginning after December 15, 2017 and interim periods within those years. Effective for all other entities for years beginning after December 15, 2018 and interim periods within years beginning after December 15, 2019.</p> <p><i>Learning more: US2016-12</i></p>
ASU 2016-16 Topic 740	<p><u>Intra-entity transfers of assets other than inventory</u></p> <p>Amended to require an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs.</p> <p>Effective for public business entities for years beginning after December 15, 2017 and interim periods within those years. Effective for all other entities for years beginning after December 15, 2018 and interim periods within years beginning after December 15, 2019.</p> <p><i>Learning more: US2017-18</i></p>
ASU 2016-15 Topic 320	<p><u>Classification of certain cash receipts and payments</u></p> <p>Amended to provide guidance on eight specific cash flow issues.</p> <p>Effective for public business entities for years beginning after December 15, 2017 and interim periods within those years. Effective for all other entities for years beginning after December 15, 2018 and interim periods within years beginning after December 15, 2019.</p> <p><i>Learning more: US2017-31</i></p>
ASU 2016-14 Topic 985	<p><u>Presentation of financial statements – Not-for-profit entities</u></p> <p>Amended to improve current reporting requirements for not-for-profit entities.</p> <p>Effective for years beginning after December 15, 2017 and for interim periods within years beginning after December 15, 2018.</p>
ASU 2016-12 Topic 606	<p><u>Revenue from contracts with customers – narrow scope improvements and practical expedients</u></p> <p>Addresses certain issues identified in the guidance on assessing collectability, presentation of sales taxes, noncash consideration, and completed contracts and contract modifications at transition.</p> <p>Effective upon implementation of ASU 2014-09, <i>Revenue from Contracts with Customers (Topic 606)</i>. See below for further information on the effective date of ASU 2014-09.</p>

Developments related to 2018 calendar years

Reference	Pronouncement and Effective Date Impacting 2018 Calendar Years
ASU 2016-11 Topic 605 Topic 815	<p><u>Rescission of SEC Guidance</u></p> <p>Amendments rescind various SEC guidance in Topic 605, <i>Revenue Recognition</i>, and Topic 932, <i>Extractive Activities – Oil & Gas</i> because of ASU 2014-09 and ASU 2014-16.</p> <p>Effective upon implementation of ASU 2014-09, <i>Revenue from Contracts with Customers (Topic 606)</i>. See below for further information on the effective date of ASU 2014-09.</p>
ASU 2016-10 Topic 606	<p><u>Revenue from contracts with customers – Identifying performance obligations and licensing</u></p> <p>Amended to address certain issues identified in the guidance on identifying performance obligations and licensing.</p> <p>Effective upon implementation of ASU 2014-09, <i>Revenue from Contracts with Customers (Topic 606)</i>. See below for further information on the effective date of ASU 2014-09.</p>
ASU 2016-08 Topic 606	<p><u>Principal versus agent considerations (reporting revenue gross versus net)</u></p> <p>Amended to clarify the implementation guidance on principal versus agent considerations.</p> <p>Effective upon implementation of ASU 2014-09, <i>Revenue from Contracts with Customers (Topic 606)</i>. See below for further information on the effective date of ASU 2014-09.</p>
ASU 2016-04 Subtopic 405-20	<p><u>Recognition of breakage for certain prepaid stored-value products</u></p> <p>Amended to provide a narrow scope exception to the guidance in Subtopic 405-20, <i>Liabilities – Extinguishment of Liabilities</i>, to require that breakage for liabilities related to the sale of prepaid stored-valued products be accounted for consistent with the breakage guidance in Topic 606, <i>Revenue from Contracts with Customers</i>.</p> <p>Effective for public business entities, certain not-for-profits entities, and certain employee benefit plans for years beginning after December 15, 2017 and interim periods within those years. Effective for all other entities for years beginning after December 15, 2018 and interim periods within years beginning after December 15, 2019.</p>
ASU 2016-01 Subtopic 825-10	<p><u>Recognition and measurement of financial assets and liabilities</u></p> <p>Amended to address certain aspects of recognition, measurement, presentation and disclosure of financial assets and financial liabilities.</p> <p>Effective for public business entities, for years beginning after December 15, 2017 including interim periods within those years. Effective for all other entities, including not-for-profit entities and employee benefit plans within the scope of Topics 960 through 965 on plan accounting, for years beginning after December 15, 2018 and interim periods within years beginning after December 15, 2019.</p> <p>ASU 2018-03 was issued in February 2018 for technical corrections and improvements related to ASU 2016-01.</p>

Learning more: [US2018-06](#)

[US2016-01](#)

[US2018-03](#)

Developments related to 2018 calendar years

Reference	Pronouncement and Effective Date Impacting 2018 Calendar Years
ASU 2014-09 Topic 606	<p><u>Revenue from contracts with customers</u></p> <p>ASU 2014-09 supersedes (i) revenue recognition requirements in Topic 605 and most related industry-specific guidance, and (ii) cost guidance included in Subtopic 605-35, Revenue Recognition—Construction-Type and Production-Type Contracts. Amends existing requirements for recognition of a gain/loss on the transfer of nonfinancial assets that are not in a contract with a customer (for example, assets within the scope of Topic 360, Property, Plant, and Equipment, and intangible assets within the scope of Topic 350, Intangibles—Goodwill and Other) to be consistent with the new requirements.</p>
ASU 2015-14	<p>ASU 2015-14 defers the effective date of ASU 2014-09 for all entities by one year: Effective for public business entities, certain not-for-profit entities and certain employee benefit plans for years beginning after December 15, 2017 including interim periods within those years. Effective for all other entities for years beginning after December 15, 2018 and interim periods within years beginning after December 15, 2019.</p>
ASU 2016-20	<p>ASU 2016-20 includes amendments for technical corrections and improvements to Topic 606 and other Topics amended by ASU 2014-09 with the same effective date as noted above.</p>
ASU 2017-13	<p>ASU 2017-13 amends transition and effective date information in Topic 606 to include SEC Staff Announcement that SEC staff would not object to a public business entity that otherwise would not meet the definition of a public business entity except for a requirement to include, or the inclusion of, its financial statements or financial information in another entity's filing with the SEC adopting Topic 606 for years beginning after December 15, 2018 and interim periods within years beginning after December 15, 2019.</p> <p>ASU 2017-13 also rescinds a prior SEC Staff Announcement, related to accounting for management fees based on a formula, upon adoption of Topic 606.</p>
ASU 2017-14 Topic 220 Topic 605 Topic 606	<p>ASU 2017-14 supersedes or amends various SEC paragraphs to bring existing guidance into conformity with Topic 606. Amendments include updates to guidance regarding accounting for sales of vaccines and bioterror countermeasures to the Federal Government for placement into the Pediatric Vaccine Stockpile or the Strategic National Stockpile. Effective upon implementation of Topic 606.</p>

Learning more: [US2017-27](#); [US2017-26](#); [US2017-25](#); [US2017-22](#)
[US2017-20](#); [US2017-19](#); [US2017-16](#); [US2017-15](#)
[US2017-14](#); [US2017-13](#); [US2017-08](#); [US2017-07](#)
[US2014-01](#)

Developments related to 2019 calendar years

Reference	Pronouncement and Effective Date Impacting 2019 Calendar Years
ASU 2018-02 Topic 220	<p><u>Reclassification of certain tax effects from accumulated other comprehensive income ("AOCI")</u></p> <p>Amended to allow a reclassification from AOCI to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act, and to require certain disclosures about such stranded tax effects.</p> <p>Effective for all entities for years beginning after December 15, 2018, and interim periods within those years.</p>
<i>Learning more:</i> US2018-02	
ASU 2017-15 Topic 995	<p><u>U.S. steamship entities</u></p> <p>Eliminates Topic 995 as its guidance on transitioning to the requirements of Topic 740, Income Taxes, is no longer relevant because the statutory funds deposited on or before December 15, 1992 have reached the 25-year limit.</p> <p>Effective for years and first interim periods beginning after December 15, 2018.</p>
ASU 2017-12 Topic 815	<p><u>Hedge accounting</u></p> <p>Targeted amendments to improve accounting for hedge activities including changes to the designation and measurement guidance for qualifying hedging relationships, the assessment of hedge effectiveness, and the presentation of hedge results.</p> <p>Effective for public business entities for years, and interim periods within those years, beginning after December 15, 2018. For all other entities, effective for years beginning after December 15, 2019, and interim periods within years beginning after December 15, 2020.</p>
<i>Learning more:</i> US2018-05 US2017-28	
ASU 2017-11 Topic 260 Topic 480 Topic 815	<p><u>Certain financial instruments with down round features</u></p> <p>Amended to change the classification of certain equity-linked financial instruments (or embedded features) with down round features, and to clarify existing disclosure requirements for equity-classified instruments (Part I).</p> <p>Effective for public business entities for years, and interim periods within those years, beginning after December 15, 2018. For all other entities, effective for years beginning after December 15, 2019, and interim periods within years beginning after December 15, 2020.</p> <p>Part II replaces the indefinite deferral for mandatorily redeemable financial instruments of certain nonpublic entities and certain mandatorily redeemable noncontrolling interests with a scope exception. No transition guidance is provided as the amendment has no accounting effect.</p>
<i>Learning more:</i> US2018-04	
ASU 2017-08 Subtopic 310-20	<p><u>Premium amortization on purchased callable debt securities</u></p> <p>Amended to shorten the amortization period for certain callable debt securities held at a premium by requiring the premium to be amortized to the earliest call date.</p> <p>Effective for public business entities for years, and interim periods within those years, beginning after December 15, 2018. Effective for all other entities for years beginning after December 15, 2019 and interim periods within years beginning after December 15, 2020.</p>

Developments related to 2019 calendar years

Reference	Pronouncement and Effective Date Impacting 2019 Calendar Years
ASU 2017-06 Topic 960 Topic 962 Topic 965	<p><u>Employee benefit plans and interests in master trusts</u></p> <p>Amended to (i) clarify presentation requirements for a plan's interest in a master trust including more detailed disclosures, and (ii) eliminate a redundancy relating to 401 (h) account disclosures.</p> <p>Effective for years beginning after December 15, 2018.</p>
ASU 2016-02 Topic 842	<p><u>Leases</u></p> <p>New standard on leases, superseding Topic 840, <i>Leases</i>.</p> <p>Effective for years beginning after December 15, 2018, and interim periods within those years for (i) public business entities; (ii) not-for-profit entities that have issued, or are a conduit bond obligor for, securities that are traded, listed or quoted on an exchange or an over-the-counter market, and (iii) employee benefit plans that file financial statements with the SEC.</p> <p>For all other entities, effective for years beginning after December 15, 2019 and interim periods within those years beginning after December 15, 2020.</p> <p style="text-align: right;">Learning more: US2016-02</p>
ASU 2017-13	<p>ASU 2017-13 amends transition and effective date information in Topic 842 to include SEC Staff Announcement that SEC staff would not object to a public business entity that otherwise would not meet the definition of a public business entity except for a requirement to include, or the inclusion of, its financial statements or financial information in another entity's filing with the SEC adopting Topic 842 for years beginning after December 15, 2019 and interim periods within years beginning after December 15, 2020.</p> <p>ASU 2017-13 also rescinds the following SEC paragraphs in Topic 840 upon adoption of Topic 842: (i) a prior SEC Staff Announcement related to lessor consideration of third-party value guarantees; (ii) SEC Staff Observer Comments related to sale treatment in sale-leaseback transactions with a repurchase option; (iii) SEC Staff Observer Comments related to the effect of lessee involvement in asset construction, and (iv) SEC Staff Observer Comments related to application of sales-leaseback guidance to certain sales-leaseback transactions.</p>
ASU 2018-01	<p>ASU 2018-01 amends Topic 842 to permit an entity to elect an optional transition practical expedient to not evaluate land easements that exist or expired before the entity's adoption of Topic 842 and that were not previously accounted for as leases under Topic 840.</p> <p>Effective at the same time as the entity adopts Topic 842. An entity that early adopted Topic 842 should apply the amendments in this ASU 2018-01 upon issuance.</p> <p style="text-align: right;">Learning more: US2018-07</p>

Developments related to 2020 calendar years

Reference Pronouncement and Effective Date Impacting 2020 Calendar Years

**ASU
2017-04
Topic 350** Testing goodwill for impairment

Simplifies the test for goodwill impairment primarily by eliminating Step 2 from the goodwill impairment test.

Effective for public business entities that are US SEC filers for annual or interim goodwill impairment tests in years beginning after December 15, 2019.

Effective for public business entities that are not US SEC filers for annual or interim goodwill impairment tests in years beginning after December 15, 2020.

Effective for all other entities, including not-for-profit entities, for annual or interim goodwill impairment tests in years beginning after December 15, 2021.

Learning more: [US2017-03](#)

**ASU
2016-13
Topic 326** Measurement of credit losses on financial instruments

Amended to replace the incurred loss impairment methodology for recognizing credit losses with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates.

For public business entities that are SEC filers, effective for years beginning after December 15, 2019, including interim periods within those years. For all other public business entities, effective for years beginning after December 15, 2020 including interim periods within those years.

For all other entities, including not-for-profit entities and employee benefit plans within the scope of Topics 960 through 965 on plan accounting, effective for years beginning after December 15, 2020, and interim periods with years beginning after December 15, 2021.

Learning more: [US2018-09](#)

[US2018-08](#)

[US2017-12](#)

[US2016-07](#)

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. It does not take into account any objectives, financial situation or needs of any recipient; any recipient should not act upon the information contained in this publication without obtaining independent professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2018 PricewaterhouseCoopers LLP, an Ontario limited liability partnership. All rights reserved.

PwC refers to the Canadian member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.