Introduction

As the financial, economic, and social impacts of the COVID-19 pandemic linger, finance leaders continue to adapt and adjust their ways of managing through these uncertain times.

The liquidity demands accelerated by the pandemic have resulted in the issuance of record levels of convertible debt instruments, which is an area of significant accounting complexity - although some accounting relief was recently provided by the FASB. Companies have also sought increased liquidity through other means, including increased levels of government assistance and through the restructuring of existing debt arrangements - both of which come with their own accounting considerations.

In addition to this increased liquidity and financing activity, the pandemic has also required that finance leaders re-examine the health of their balance sheets and reassess many assumptions impacting reported amounts. Examples include considering the recoverability of deferred tax assets, determining whether goodwill is impaired, and taking into account whether changes in the way the business is managed results in a change to how segment information is reported.

In this edition of The quarter close, we highlight these and other timely accounting and reporting topics you should consider as the calendar turns to Fall and we begin the third quarter reporting season.
FASB issues updated guidance on accounting for convertible instruments

Instruments that have characteristics of both liabilities and equity, such as convertible debt, are commonly issued by companies to raise capital from investors seeking certain return profiles. Preparers and users of financial statements have long noted that the accounting models for these instruments are complex, rules based, and can result in different accounting and reporting for instruments with similar economics.

On August 5, the FASB issued guidance that simplifies the accounting for certain financial instruments with characteristics of liabilities and equity. The new guidance reduced the number of accounting models for convertible debt and convertible preferred stock instruments and made certain disclosure amendments intended to improve the information provided to users. The guidance also amended the derivative guidance for the “own stock” scope exception, which exempts qualifying instruments from being accounted for as derivatives if certain criteria are met. Finally, the standard changed the way certain convertible instruments are treated when calculating earnings per share. The standard is effective for SEC filers, excluding smaller reporting companies (SRCs), in 2022; for all other entities, it is effective in 2024. Early adoption is permitted for all entities beginning in 2021.

For more on the new guidance, read our In depth, Accounting for convertible instruments and own equity contracts and listen to our The new convertible debt standard, explained podcast. For insights on navigating through the complexities of the current convertible instruments accounting model, check out the “Inside scoop” section of this publication.

SEC adopts amendments to modernize certain disclosures

On August 26, as part of its broader disclosure effectiveness initiative, the SEC amended its Regulation S-K disclosure rules relating to the description of the business, legal proceedings, and risk factors, which are required in many SEC filings, including Form 10-K and registration statements. Key changes include:

• requiring a principles-based description of the company’s human capital resources, including any human capital measures/objectives that the company focuses on in managing its business (e.g., those that address the development, attraction, and retention of personnel) when material to understanding the business;

• eliminating the requirement to disclose business developments over the last five years and focusing on developments that are critical to understanding the company’s business. In addition, after an initial registration statement, companies are permitted to provide only an update of material business developments, so long as the full discussion of business developments from a single previously-filed registration statement or report is incorporated by reference;

• increasing the quantitative threshold for disclosing certain governmental environmental proceedings and allowing legal proceedings disclosures to be hyperlinked or cross-referenced to other sections in the document; and

• shifting the focus to “material” risk factors categorized by relevant heading and requiring a risk factor summary when the risk factor section is longer than 15 pages.

Two of the five SEC commissioners voted against the amendments, citing concerns that the changes fell short in addressing environmental, social, and governance (ESG) issues relating to climate change risk and human capital, particularly diversity, and their impact on investor decisions. The changes become effective 30 days after they are published in the Federal Register.
Here are some of the significant technical accounting trends we’re seeing during the third quarter of 2020:

Accounting for government assistance? Here’s what you need to know

Some companies have recently received government grants, credits, or other forms of assistance as a result of legislation intended to mitigate the financial effects of COVID-19. Although government assistance is not new, many for-profit companies have not historically received such assistance or have not had to account for such funds in recent years.

There is no standard in US GAAP that directly addresses the accounting for government assistance received by a for-profit entity. As a result, companies will need to evaluate the nature of the assistance received in determining the appropriate recognition model, for example:

- Arrangements when the government is a customer (i.e., the company is providing a good or service to the government in exchange for a payment) are in the scope of ASC 606, the revenue standard.

- Assistance in the form of a tax credit is subject to ASC 740, the income tax standard, if the credit can be claimed only on the income tax return and can be realized only through the existence of taxable income.

- Assistance in the form of a below-market rate loan is accounted for under the guidance of ASC 470, the debt standard, as the borrower should not impute interest when the below-market interest rate is prescribed by the government.

If government assistance received by a for-profit entity is not in the scope of other specific US GAAP, companies should consider whether there is guidance for a similar transaction that can be applied by analogy or look to nonauthoritative guidance from other sources, including other standard setters. In this context, IFRS includes a specific standard, IAS 20, Accounting for Government Grants and Disclosures of Government Assistance, that many for-profit entities apply in the absence of relevant US GAAP. There is also guidance for not-for-profit entities under US GAAP for government contributions (ASC 958-605) that may be considered by for-profit entities. However, these two models differ in some key areas, including the threshold for recognition, timing and pattern of recognition, and financial statement presentation of grant income.

The lack of clear guidance and diversity in practice in the accounting for government assistance by for-profit entities underscores the importance of clear and transparent disclosure in the financial statements, regardless of which policy is applied. Examples of disclosures that are appropriate include:

- Significant terms and conditions of the government assistance, such as the form of the grant, magnitude of the assistance, duration of the assistance, interest rate, provisions that require repayment to the government, and other unfulfilled conditions or contingencies

- Accounting policies used to account for the government assistance (e.g., whether it is recognized immediately into income or recognized over a period of time, which financial statement line items are affected, and where recognized)

For more information on accounting for government assistance, check out our In depth, CARES Act: Accounting for the stimulus and listen to our Dealing with government grants? Here’s what you need to know podcast.
Navigating the complexities of the convertible instruments accounting model? Here are some reminders

In response to the liquidity needs accelerated by the COVID-19 pandemic, there has been an unprecedented volume of convertible debt issued during 2020. Convertible debt instruments can be appealing to both issuers and investors given the hybrid nature of the instruments. Issuers find the instruments attractive because investors are willing to accept a lower coupon interest rate given the value of the conversion option. Investors, on the other hand, are provided with the potential upside of an equity investment, while their downside risk is limited given their creditor rights.

An issuer’s accounting for convertible debt instruments is complex and requires a thorough understanding of the legal terms of the instrument as well as the relevant accounting guidance. The first critical consideration from an issuer perspective is whether the conversion option is required to be bifurcated from the debt instrument and accounted for separately as a derivative. If such accounting is required, the conversion option would be recognized as a derivative at fair value upon issuance, with any subsequent changes in the derivative’s fair value recognized through earnings each reporting period, creating potential income volatility.

If the issuer is a public company or has the right to settle the option in cash or net shares, the conversion option will generally meet the definition of a derivative. In such cases, the issuer must consider whether the conversion option meets a derivative scope exception. Specifically, in order to qualify for a derivative scope exception, the issuer can’t be forced to settle the conversion option in cash for any reason and the option must be indexed to the issuer’s own stock.

If a derivative scope exception is met, and as a result the conversion option is not bifurcated under the derivative rules, the following are two other scenarios when the conversion option would still be separated from the debt instrument and recognized directly in equity:

- Cash convertible debt: Debt that is issued with a cash conversion feature that allows or requires the issuer to settle in whole or in part, in a combination of cash or shares
- Beneficial conversion features: A conversion feature that is “in the money” at the commitment date (i.e., the date on which the agreement meets the definition of a firm commitment)

For more information on evaluating convertible debt instruments under the current accounting guidance, see Chapter 6 of our Financing transactions guide and listen to our Convertible debt: What you need to know now podcast.

As highlighted in the “Headlines” section of this publication, the FASB recently issued guidance that simplifies certain aspects of the accounting for convertible instruments. This newly-issued guidance continues to require that the conversion option be assessed under the derivative rules; however, the updated guidance eliminates the separate accounting for cash convertible debt and beneficial conversion features, which many issuers will find appealing. This guidance can be early adopted beginning in 2021.

Reminders when assessing the realizability of deferred tax assets in the current environment

Market disruption created by COVID-19 has resulted in a greater focus on liquidity, the realizability of assets, and a company’s ability to continue as a going concern. In this environment, there are important considerations to remain mindful of when assessing the realizability of deferred tax assets. This determination has always been an exercise that can be complex, requires careful evaluation of all available evidence, and involves a high degree of judgment. These challenges have only been amplified in recent months given the economic uncertainty created by COVID-19 and tax law changes, including expanded carryback provisions, arising from the enactment of the CARES Act and other legislation in response to the pandemic.
Given these challenges, here are some practical reminders to consider as companies perform their third quarter valuation allowance assessments and look ahead to year-end reporting:

• All sources of objectively verifiable taxable income should be included in the valuation allowance analysis, including:
  − Taxable income in prior carryback years
  − Future reversals of existing taxable temporary differences
  − Tax planning strategies
  − Projections of future taxable income

• Cumulative profitability or losses for the last three years is a significant factor when assessing the realizability of deferred tax assets. This measure should include discontinued operations and other so-called "nonrecurring" items, such as restructuring or impairment charges.

• The absence of cumulative losses does not automatically result in the presumption of realizability of an entity’s deferred tax assets. When companies have cumulative income, it is still important to review trends and projections and to understand the impact of any one-time events; even in a cumulative income position, a valuation allowance may be necessary.

• It may be challenging to avoid a valuation allowance for entities that have concluded there is substantial doubt about their ability to continue as a going concern.

• Scheduling of deferred tax assets and liabilities is a complex exercise and requires a detailed analysis of reversal patterns. Added challenges arise from changes in tax law, the nature of temporary difference or tax attribute, limitations on deductibility, and definite vs. indefinite carryforward periods.

• Companies should carefully evaluate events that occur after the balance sheet date but before the financial statements are issued for any potential impact to their valuation allowance assessments.

For more information on performing a valuation allowance assessment and accounting for changes in valuation allowances, see Chapter 5 and Chapter 6 of our Income taxes guide and listen to our Valuation allowance for deferred tax assets – the basics and COVID-19: The CARES Act business relief questions, answered podcasts.

Is your debt restructuring troubled?

Many borrowers have been restructuring their debt agreements in response to the effects of the COVID-19 pandemic for increased liquidity and the ability to satisfy ongoing debt service payments. Under ASC 470, borrowers are required to determine whether a debt restructuring should be accounted for as a troubled debt restructuring. This is critical because in certain cases, the accounting for a troubled debt restructuring varies significantly from a non-troubled debt restructuring.

If a company is currently servicing its debt, can obtain funds from other sources at market interest rates approximating those for non-troubled debt, and the existing lender agrees to restructure the debt solely to reflect a decrease in current market interest rates, the restructuring is not considered “troubled.” However, if those conditions are not met, the borrower must determine (1) if the lender granted a concession and (2) if the borrower is experiencing financial difficulties. If both of those conditions are present, troubled debt accounting should be applied.

In evaluating the first criterion, the lender is considered to have granted a concession if the effective interest rate of the restructured debt is less than the original debt’s effective interest rate. This can happen if the lender agrees to a reduction in principal or significantly decreases the interest rate. Since the concession test is based on the effective interest rates, it does not consider the fair value of the debt instrument before and after the restructuring. As a result, some borrowers are surprised to find that even though the fair value of the original debt and restructured debt approximate each other, a concession may still have been granted.
In evaluating the “financial difficulties” criterion, ASC 470 provides indicators to assist borrowers in determining if they are experiencing such difficulties. Examples include being in default on the debt, significant doubt about the borrower’s ability to continue as a going concern, and forecasted cash flows that are insufficient to service the outstanding debt balance. In certain scenarios, determining whether this criterion has been met may require significant judgement, which is why many borrowers find it easier to evaluate the “concession” criterion first. If a borrower assesses the concession criterion first and determines that a concession has not been granted, there is no need to assess the financial difficulties criterion, since both are required to have a troubled debt restructuring.

The accounting for a troubled debt restructuring depends on how the carrying value of the original debt compares to the future undiscounted cash flows of the restructured debt. A gain should only be recognized if the future undiscounted cash flows, including contractual interest, are less than the carrying value of the original debt. In that case, the original debt carrying value is written down to the future undiscounted cash flow amount and any payments going forward, including interest, are direct reductions to that adjusted carrying value. As a result, no interest expense is recognized prospectively. If the future undiscounted cash flows are greater than the carrying value, no gain is recognized, and the effective interest rate would be adjusted prospectively.

For more information on evaluating debt restructurings, including troubled debt restructuring, see Chapter 3 of our Financing transactions guide and listen to our Accounting for debt in uncertain times: 5 things to know podcast.

Disclosure of the effects of COVID-19: trends and observations

Disclosure of the evolving effects of COVID-19 and the related risks and uncertainties are unique to each individual company; however, there are some trends and observations to consider when preparing third quarter filings.

Many companies are including a more detailed description in MD&A of their response to the impact the pandemic is having on business operations, such as the impacts to the health and safety of key stakeholders, including employees and customers. Companies have also been using the questions from the CF Disclosure Guidance: Topic No. 9A as a “checklist” for relevant disclosures and have included a more expansive discussion surrounding liquidity and capital resources. Some have also been considering the disclosures outlined in Financial Reporting Manual 9510 surrounding reporting units with “at risk” goodwill, with similar considerations for other indefinite-lived intangible assets.

Risk factors also continue to be refined to highlight risks that are specific to the company’s facts and circumstances and have more than a “remote” risk of occurring.

Companies are also continuing to update footnote disclosures to reflect the accounting impacts of the pandemic, such as material risks and uncertainties, including liquidity and going concern considerations, asset impairments and triggering event assessments, as well as income tax implications.

Although not enough to establish a trend, the SEC has begun to issue comment letters related to COVID-19. These have focused on expanded disclosures of virus-related known trends and uncertainties in accordance with S-K Item 303, including those related to liquidity and debt covenants. The SEC has also issued comments regarding potential inconsistencies in the disaggregated revenue disclosures under the revenue standard and the content of public statements (e.g., earnings releases) regarding the impact of the pandemic on revenue, which may be at a different or lower level of detail than disclosed in the footnotes. Finally, the SEC has issued comments reminding registrants to include relevant disclosures when assets and liabilities are measured at fair value on a non-recurring basis, which includes long-lived assets other than goodwill that have been impaired.
Navigating the hidden tax complexities of the simplified goodwill impairment standard

Depending on the legal form of the transaction, as well as the related tax jurisdiction, a business combination may generate goodwill that is deductible for tax purposes. This is referred to as tax-deductible goodwill. Determining the appropriate deferred tax accounting as of the acquisition date involves separating goodwill into separate "components."

With many companies applying ASU 2017-04, the simplified goodwill impairment standard, for the first time this year, there are complexities to consider as it relates to tax-deductible goodwill. Under the simplified goodwill impairment model, goodwill impairment is measured as the excess of the carrying amount of a reporting unit over its fair value. For entities with tax-deductible goodwill, recognizing a goodwill impairment charge will typically generate a deferred tax asset or decrease a deferred tax liability that immediately results in the carrying amount of the reporting unit exceeding its fair value. This creates a cycle of impairment, as illustrated below:

<table>
<thead>
<tr>
<th>Account</th>
<th>Carrying amount</th>
<th>Fair value</th>
<th>Preliminary impairment</th>
<th>Preliminary deferred tax adjustment</th>
<th>Carrying amount after impairment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>$500</td>
<td>$-</td>
<td>$(200)</td>
<td>$-</td>
<td>$300</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>100</td>
<td>-</td>
<td>-</td>
<td>50 *</td>
<td>150</td>
</tr>
<tr>
<td>Other net assets</td>
<td>300</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$900</strong></td>
<td><strong>$700</strong></td>
<td><strong>$(200)</strong></td>
<td>**$50 ***</td>
<td><strong>$750</strong></td>
</tr>
</tbody>
</table>

*Note: assumes a 25% income tax rate

In the above illustration, the carrying amount of the reporting unit immediately after the goodwill impairment exceeds its fair value by the amount of the increase in the deferred tax asset, which would require further impairment. To solve for this issue, the simplified impairment standard requires that a simultaneous equation be applied, as illustrated below:

<table>
<thead>
<tr>
<th>Account</th>
<th>Carrying amount</th>
<th>Fair value</th>
<th>Preliminary impairment</th>
<th>Deferred tax adjustment</th>
<th>Carrying amount after impairment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>$500</td>
<td>$-</td>
<td>$(200)</td>
<td>$(67) *</td>
<td>$233</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>100</td>
<td>-</td>
<td>-</td>
<td>67 *</td>
<td>167</td>
</tr>
<tr>
<td>Other net assets</td>
<td>300</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$900</strong></td>
<td><strong>$700</strong></td>
<td><strong>$(200)</strong></td>
<td><strong>$-</strong></td>
<td><strong>$700</strong></td>
</tr>
</tbody>
</table>

*Simultaneous equation: \([\text{tax rate} / (1 - \text{tax rate})] \times \text{(preliminary temporary difference)} = \text{deferred tax adjustment}\)

Equation for this example: \([25\% / (1 - 25\%)] \times ($200) = $67\)

Applying the simultaneous equation when calculating goodwill impairment for tax-deductible goodwill may be complicated by the existence of a valuation allowance, having more than one component of goodwill in a reporting unit, having a reporting unit whose goodwill spans more than one tax jurisdiction, and the effect of foreign currency translation.

For further insights on determining components with tax-deductible goodwill and applying the simplified goodwill impairment model, see Chapter 10 of our *Income taxes* guide and Chapter 9 of our *Business combinations and noncontrolling interests* guide, respectively.
With companies adapting to COVID-19, some are finding that a shift in business strategy can impact segment reporting and goodwill accounting. We discuss practical considerations with Jonathan Rhine:

Question: What kind of changes to business strategy are we seeing as a result of COVID-19 and how do they impact segment reporting?

Jonathan: Some companies have undergone strategic evaluations and concluded that certain business units should be restructured or sold. We’re also seeing some companies leverage COVID-19 as an opportunity to expand or acquire businesses. For many companies, the disruption from the pandemic has caused management to evaluate performance at a more granular level to determine how to prioritize and allocate resources.

Segment reporting is prepared using a “management approach,” enabling users to evaluate the business through the eyes of management. When management changes how it evaluates existing businesses or reorganizes due to an acquisition or disposition, the segments disclosed in the financial statements may need to change as well.

Question: How do changes to information that is reviewed by the chief operating decision maker (CODM), who is often the CEO, impact segment reporting?

Jonathan: The determination of operating segments, and ultimately reportable segments, is impacted by how the CODM reviews the business. With CEOs today having on-demand access to an incredible amount of information through a variety of reporting platforms and dashboards, determining which information is regularly reviewed can be challenging. This exercise becomes particularly relevant in the current environment, when executives may be reviewing parts of the company not previously analyzed. When the information regularly reviewed by the CODM changes, the company may need to revisit its segment reporting.

Question: If a company determines that its reporting segments have changed, how would that change be reflected in the financial statements?

Jonathan: Except in unusual circumstances, a change in segments is reflected by recasting segment information for all periods presented, which could require significant effort when the information for prior periods is not easily mapped to the new segments.

Similarly, when a new registration statement includes interim financial statements that reflect a change in segments, a company would need to ensure that the annual financial statements incorporated by reference are also recast to reflect the new segments. However, a company would not need to recast the annual financial statements for the new segments in connection with a prospectus supplement for a take down of securities off of a shelf registration unless the company concluded that the change was “fundamental.”

Question: Does a change to business strategy impact goodwill impairment testing?

Jonathan: It can, since goodwill impairment testing is tied to how management analyzes company performance. Goodwill is allocated and tested at the “reporting unit,” which is either an operating segment or one level below an operating segment if certain criteria are met. When there is a change in operating segments, it frequently results in a change in reporting units. When there is a change to reporting units, the company is required to reallocate existing goodwill to its new reporting unit structure based on their relative fair values and test for impairment.

For more information on segments, see Chapter 25 of our Financial statement presentation guide. For more information on goodwill, see Chapter 9 of our Business combinations and noncontrolling interests guide.
Here are some significant standard-setting developments that you need to know as we head into the final quarter of 2020:

FASB votes on potential projects for agenda

At its July 29 meeting, the FASB voted to add three projects to its technical agenda:

1. **Targeted improvements to ASC 842, Leases.** The FASB expects to issue an exposure draft for comment in September on the following targeted improvements to the new leasing standard:

   - **Sales-type leases with substantial variable lease payments.** ASC 842 requires that a lessor exclude variable payments from its lease receivable, which could result in a lessor recognizing a day-one loss for sales-type lease arrangements that the lessor expects to be profitable. The lessor is then required to recognize the variable payments when the contingency is resolved, with the entire variable payment recognized as lease revenue, as opposed to being split between interest income and a reduction of a lease receivable. The accounting treatment might result in reporting outcomes that are not faithful to the economics of the transaction. To address these issues, the FASB voted to propose requiring lessors to classify sales-type leases with predominantly variable payments as operating leases.

   - **Remeasurement of lease payments based on a reference index or rate.** ASC 842 precludes a lessee from remeasuring the lease liability for changes in future payments resulting from changes in the reference index or rate. IFRS 16, on the other hand, requires a lessee to subsequently remeasure the lease liability when changes in the reference index or rate occur. This difference creates ongoing costs and complexity for preparers reporting under both GAAP and IFRS standards. To address this issue, the FASB voted to provide lessees with an option to remeasure lease liabilities upon a change in a reference index or rate affecting future lease payments. If elected, the policy must be disclosed and applied entity-wide.

   - **Reduction of scope in a master lease agreement.** A master lease agreement provides a lessee with the right to use multiple assets. If the right to use some of those assets is terminated, ASC 842 requires both lessees and lessors to reconsider classification and to remeasure all of the remaining lease components under the master lease agreement, even if the partial termination does not amend the terms and conditions attributable to the remaining lease components. The FASB voted to propose not applying modification accounting to the remaining lease components in an amended lease when the economics of the remaining lease components are unchanged.

2. **Effect of underwriter restrictions on fair value measurements.** The immediate issue is whether an underwriter lockup restriction on an equity security that is imposed through a separate contractual agreement should be considered in the measurement of fair value. A broader project was also added to the FASB’s research agenda to consider other types of restrictions on the sale of certain assets and whether there is diversity in practice in interpreting and applying the guidance within ASC 820, *Fair Value Measurement*.

3. **Development of a principle for benchmark interest rates that are eligible for fair value hedge accounting.** The FASB will consider developing a principle for identifying benchmark interest rates eligible for fair value hedge accounting as part of its existing project on reference rate reform.
PwC’s Accounting podcast series includes a library of COVID-19-related podcasts that have been released over the past months covering the most significant recurring accounting and reporting trends relevant for the third quarter close.

In addition, our What’s next? podcast series for CFOs, controllers - really, anyone in finance - asks big questions, like: how do we emerge from a crisis stronger than before? Each week, we focus on a different area that may need your focus in this period of recovery.

Some of the most popular podcasts from this quarter include:

- Right-of-use asset impairment: Your FAQs, answered
- What’s next? 3 steps to your finance transformation
- What’s next? Changes to the workforce mean changes for business
- What’s next? Tactical ways companies can plan to win in 2021
- A refresh on stock comp basics before you modify your stock options

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In the loop

- Assessing liquidity and going concern in an uncertain economy
- Acquiring an asset or a business? It matters in deal models
- The competitive advantage of quality XBRL data

Observations from the frontlines

- Demystifying embedded leases: Top five insights, key indicators and accounting lessons learned
- How Current Expected Credit Losses (CECL) can affect deals
- Why special purpose acquisition companies (SPACs) have become a popular way to go public
- New convertible debt accounting guidance

Governance insights

- Facing the COVID-19 challenge in corporate boardrooms
- Getting the most out of internal audit
- Risk oversight and the board of directors: navigating a complex, evolving area

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## Calendar year-end

| 2020 | Cloud computing  
Collaborative arrangements  
Consolidation: VIE related party  
Credit losses (a)  
Defined benefit plan disclosure requirements  
Definition of collections  
Episodic television series  
Fair value measurement disclosure requirements  
Goodwill impairment (a)  
Reference rate reform  
Share-based consideration to a customer | Definition of collections  
Down round features  
Fair value measurement disclosure requirements  
Nonemployee share-based payments  
Not-for-profit entities: accounting for contributions  
Premium amortization on callable debt securities  
Reference rate reform  
Revenue from contracts with customers (c)  
Share-based consideration to a customer |
| 2021 | Equity securities, equity method, and derivatives  
Simplifying accounting for income taxes | Cloud computing  
Collaborative arrangements  
Consolidation: VIE related party guidance  
Defined benefit plan disclosure requirements  
Episodic television series  
Hedging |
| 2022 | Insurance: long-duration contracts (b, e)  
Convertible debt and contracts in own equity (b) | Equity securities, equity method, and derivatives  
Leases (d)  
Simplifying accounting for income taxes |
| 2023 | Credit losses (a)  
Goodwill impairment (a) |
| 2024 | Insurance: long-duration contracts (b, e)  
Convertible debt and contracts in own equity (b) |

a) Effective in 2020 for SEC filers other than SRCs; effective in 2023 for all other companies, including SRCs.
b) Effective in 2022 for SEC filers other than SRCs; effective in 2024 for all other companies, including SRCs.
c) Effective in 2020 for nonpublic entities that had not yet issued financial statements or made financial statements available for issuance reflecting the adoption of ASC 606 as of June 3, 2020.
d) Effective in 2022 for “all other” entities that have not yet issued financial statements or made financial statements available for issuance reflecting the adoption of ASC 842 as of June 3, 2020.
e) The FASB has proposed an additional one-year deferral of the Insurance: long-duration contracts standard for all entities. Comments on the [proposed ASU](#) were due in August 2020 and a final ASU deferring the standard is expected to be issued in the fourth quarter of 2020.

For further information on the new accounting guidance for public and nonpublic companies, including available PwC resources, refer to the [Effective dates for new FASB guidance](#) page on CFOdirect and see our [In depth, How to apply the FASB’s deferral of effective dates](#).