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Recently issued accounting pronouncements

Financial services

As part of our continuous efforts to stay current on the latest Financial Accounting Standards Board (FASB) pronouncements, we offer this resource to keep you up to date. We will update this regularly. As always, contact us if you have questions or concerns.

Last review date: December 14, 2023, through Accounting Standards Update (ASU) No. 2023-09

Legend

P - Public business entity that meets the definition of an SEC filer

PBE - All other public business entities

NP - All other entities

Accounting Pronouncements Issued Since Last Quarter

Accounting Standards Update	Highlights	Effective Dates
2023-07, Segment Reporting (Topic 280)	The amendments in this ASU improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This is accomplished through various new requirements, including the disclosure of significant segment expenses that are regularly provided to the chief operating decision-maker, and disclosing an amount for *other segment items* (as defined in the ASU) by reportable segment and a description of its composition.	**P/PBE*:** Fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. **NP:** Not applicable *Excludes not-for-profit entities (regardless of whether the entity meets the definition of a public entity) Early adoption is permitted.
2023-08, Intangibles – Goodwill and Other – Crypto Assets (Subtopic 350-60)	This ASU establishes the first-ever accounting and disclosure framework for crypto assets within US GAAP. Assets that meet six criteria (as defined in the ASU) are required to subsequently be measured at fair value with changes recognized in net income each reporting period. Such assets must be presented separately from other intangible assets in the balance sheet and changes from the remeasurement of crypto assets must be separately presented from changes in the carrying amounts of other intangible assets in the income statement. The ASU also provides for various disclosure requirements, including disclosure of the name, cost basis, fair value, and number of units for each significant crypto asset holding, as well as a roll forward, in the aggregate, of crypto asset holding activity for the reporting period.	**P/PBE/NP:** Fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted; however, if an entity adopts the amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes that interim period.

2023-09, Income Taxes (Topic 740)	This ASU provides more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. *Rate Reconciliation:* Public business entities are required to disclose specific categories in a tabular rate reconciliation (using both percentages and currency amounts) and provide additional information for reconciling items that meet a quantitative threshold. One of the required categories is "state and local income tax." For this category, public business entities must also disclose a qualitative description of the states and local jurisdictions that make up the majority (greater than 50%) of the effect of the state and local income tax category. For entities other than public business entities, this ASU requires qualitative disclosure about specific categories of reconciling items and individual jurisdictions that result in a significant difference between the statutory tax rate and the effective tax rate. *Income Taxes Paid:* All entities must disclose (1) the amount of income taxes paid (net of refunds received) disaggregated by federal, state, and foreign taxes and (2) the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in which income taxes paid is equal to or greater than 5% of total income taxes paid. *Other:* All entities must disclose (1) income from continuing operations before income tax expense disaggregated between domestic and foreign and (2) income tax expense from continuing operations disaggregated by federal, state, and foreign. This ASU also eliminates some existing disclosure requirements, including the requirement to (1) disclose the nature and estimate of the range of the reasonably possible change in the unrecognized tax benefits balance in the next 12 months or (2) make a statement that an estimate of the range cannot be made.	**P/PBE:** Annual periods beginning after December 15, 2024. **NP:** Annual periods beginning after December 15, 2025. Early adoption is permitted.

Previously Issued Accounting Pronouncements

Accounting Standards Update	Highlights	Effective Dates
2016-13, Financial Instruments – Credit Losses (Topic 326)	Under the new guidance, which will replace the existing incurred loss model for recognizing credit losses, organizations will be required to recognize the full amount of expected credit losses. The new guidance, which is referred to as the current expected credit loss model, requires that expected credit losses for financial assets held at the reporting date that are accounted for at amortized cost be measured and recognized based on historical experience and current and reasonably supportable forecasted conditions to reflect the full amount of expected credit losses. A modified version of these requirements also applied to debt securities classified as available-for-sale.	**Pursuant to ASU No. 2019-10:** **P*:** Fiscal years beginning after December 15, 2019, including interim periods within those fiscal years **PBE/NP:** Fiscal years beginning after December 15, 2022, including interim periods within those fiscal years *Excludes entities eligible to be SRCs as defined by the SEC
2020-04, Reference Rate Reform (Topic 848): *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*	The ASU provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this ASU only apply to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform.	**P/PBE/NP:** As of March 12, 2020 through December 31, 2022*. *As a result of ASU No. 2022-06, this date was extended to December 31, 2024.

2022-01, Derivatives and Hedging (Topic 815)	The ASU was issued in response to requests by entities and practitioners following the issuance of ASU No. 2017-12. Among other things, the ASU expands on the “last-of-layer” hedging method by allowing multiple hedged layers to be designated for a single closed portfolio of financial assets or one or more beneficial interests secured by a portfolio of financial instruments. As a result, an entity may be able to achieve hedge accounting for hedges of a greater proportion of its interest rate risk inherent in the assets included in the closed portfolio, further aligning hedge accounting with risk management strategies. The “last-of-layer” method has thus been renamed the “portfolio layer” method. The ASU also allows an entity to reclassify debt securities classified in the held-to-maturity category at the date of adoption of the ASU to the available-for-sale category. However, this reclassification may only occur if the entity applies portfolio layer method hedging to one or more closed portfolios that include those debt securities. The decision of which securities to reclassify must be made within 30 days after the date of adoption, and the securities must be included in one or more closed portfolios that are designated in a portfolio layer method hedge within that 30-day period.	**P/PBE:** Fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. **NP:** Fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted for those entities that have adopted ASU No. 2017-12 for the corresponding period.
2022-02, Financial Instruments – Credit Losses (Topic 326)	The ASU eliminates the current troubled debt restructuring accounting guidance within ASC Subtopic 310-40 in its entirety. After adoption of the ASU, financial institutions will evaluate whether a loan modification represents a new loan or a continuation of an existing loan, in accordance with current ASC guidance (ASC 310-20-35-9 through 35-11). The ASU also modifies disclosure requirements. Rather than disclosing information on troubled debt restructurings, financial institutions will now be required to disclose information on loan modifications that were in the form of principal forgiveness, an interest rate reduction, an other-than-insignificant payment delay, or a term extension (or a combination thereof) made to debtors experiencing financial difficulty. Lastly, the ASU amends ASC 326-20-50-6 to require public business entities to disclose current-period gross write-offs by year of origination for financing receivables and net investment in leases within the scope of ASC Subtopic 326-20.	**P/PBE/NP:** Fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted for those entities that have adopted ASU No. 2016-13. An entity may elect to early adopt the amendments about troubled debt restructurings and related disclosure changes separately from the amendments related to vintage disclosures.

2023-01, Leases (Topic 842)	The ASU addresses two distinct issues resulting from Accounting Standards Codification (ASC) Topic 842: (1) terms and conditions to be considered in common control arrangements* and (2) accounting for leasehold improvements in common control arrangements. *Issue 1: Terms and Conditions to be Considered* ASC 842 requires entities to classify and account for a lease arrangement based on the legally enforceable terms and conditions of the lease. ASU No. 2023-01 provides a practical expedient for private companies and not-for-profit entities that are not conduit bond obligors to use the written terms and conditions of a common control arrangement. The written terms and conditions may be used to determine: (1) whether a lease exists and, if so (2) the classification of and accounting for that lease. If no written terms and conditions exist, the practical expedient is prohibited from being applied and the entity must use the arrangement's legally enforceable terms and conditions. This practical expedient may be applied on an arrangement-by-arrangement basis. **This practical expedient is available to all entities that are not: (1) public business entities; (2) not-for-profit conduit bond obligors; and (3) employee benefit plans that file or furnish financial statements with or to the U.S. Securities and Exchange Commission.** *Issue 2: Accounting for Leasehold Improvements* ASC 842 generally requires that leasehold improvements have an amortization period consistent with the shorter of the useful life of those leasehold improvements and the remaining lease term. In practice, these common control arrangements are typically short term in nature and therefore this amortization approach is not representative of the economics of the leasehold improvements associated with common control arrangements. Under ASU No. 2023-01, lessees will amortize leasehold improvements over the useful life of the improvements to the common control group, regardless of the lease term, as long as the lessee controls the use of the underlying asset through a lease. If the lessor obtained the right to control the use of the underlying asset through a lease with another entity not within the same common control group, the amortization period may not exceed the amortization period of the common control group. *Although the FASB does not provide a specific definition of a common control arrangement within ASC 842, at a minimum, a common control arrangement will likely include arrangements in which a controlling financial interest exists. So, for instance, a relationship between a parent and one of its wholly owned subsidiaries.	**P/PBE/NP:** Fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted.
2023-02, Investments – Equity Method and Joint Ventures (Topic 323)	ASU No. 2014-01 previously introduced the option to apply the proportional amortization method to account for investments made primarily for the purpose of receiving income tax credits and other income tax benefits when certain requirements are met; however, this guidance limited the proportional amortization method to investments in low-income-housing tax credit structures. The proportional amortization method results in the cost of the investment being amortized in proportion to the income tax credits and other benefits received, with the amortization of the investment and the income tax credits being presented net in the statements of income as a component of income tax expense. Equity investments in other tax credit structures are typically accounted for using the equity method, which results in investment income, gains and losses, and tax credits being presented gross on the statements of income in their respective line items. ASU No. 2023-02 permits reporting entities to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met.	**P/PBE:** Fiscal years beginning after December 15, 2023, including interim periods within those fiscal years **NP:** Fiscal years beginning after December 15, 2024, including interim periods within those fiscal years Early adoption is permitted.