

## Leases — FASB Issues ASU

**February 25, 2016** — Today, the FASB issued its new standard on leases, [ASU 2016-02](#). The new standard introduces a new lessee model that brings substantially all leases on the balance sheet. In addition, while the new standard retains most of the principles of the existing lessor model in U.S. GAAP, it aligns many of those principles with ASC 606.<sup>1</sup> The new standard represents a wholesale change to lease accounting and will most likely result in significant implementation challenges during the transition period and beyond.

The new guidance will be effective for public business entities for annual periods beginning after December 15, 2018 (i.e., calendar periods beginning on January 1, 2019), and interim periods therein. For all other entities, the ASU will be effective for annual periods beginning after December 15, 2019 (i.e., calendar periods beginning on January 1, 2020), and interim periods thereafter. Early adoption will be permitted for all entities.

A *Heads Up* newsletter on ASU 2016-02 will be published shortly. Further, a *Dbriefs* webcast providing an overview of the new standard and the challenges with implementing it will be hosted on March 15, 2016.

**Editor's Note:** As companies prepare to issue their annual financial statements, they should consider the guidance in SAB Topic 11.M,<sup>2</sup> which requires SEC registrants to disclose the effect of new pronouncements that have been issued but are not yet effective. Although SAB Topic 11.M applies to SEC registrants, it is considered best practice for nonregistrants to also provide these disclosures.

---

<sup>1</sup> FASB Accounting Standards Codification Topic 606, *Revenue From Contracts With Customers*.

<sup>2</sup> SEC Staff Accounting Bulletin Topic 11.M, "Disclosure of the Impact That Recently Issued Accounting Standards Will Have on the Financial Statements of the Registrant When Adopted in a Future Period."

This publication is provided as an information service by Deloitte's National Office and may contain summaries of Deloitte's observations at meetings or other events. Such summaries are believed to be accurate; however, no representation can be made that it is complete or without error. Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

As used in this document, "Deloitte" means Deloitte & Touche LLP, a subsidiary of Deloitte LLP. Please see [www.deloitte.com/us/about](http://www.deloitte.com/us/about) for a detailed description of the legal structure of Deloitte LLP and its subsidiaries.