

Revenue — FASB Tentatively Decides to Expand Scope of Practical Expedient for Disclosures About Remaining Performance Obligations Under ASC 606

March 11, 2016 — At its March 9, 2016, meeting, the FASB continued deliberating potential amendments to the new revenue standard's requirements in ASC 606-10-50-13 through 50-15¹ related to the disclosure of information about an entity's remaining performance obligations. The Board tentatively decided to propose amendments that would:

- Expand the scope of the practical expedient in ASC 606-10-50-14 for disclosures about an entity's remaining performance obligations to include arrangements involving variable consideration under either of the following allocation models outlined in ASC 606:
 - *Allocation of variable consideration* — Certain arrangements (e.g., a series of goods or services) in which variable consideration is allocated entirely to one or more, but not all, performance obligations or distinct goods or services in accordance with ASC 606-10-32-40.
 - *Sales-based and usage-based royalties* — Royalties on a license of intellectual property that are recognized only when the subsequent sale or usage occurs in accordance with ASC 606-10-55-65.
- Make improvements to the requirements in ASC 606-10-50-15 related to qualitative disclosures about an entity's remaining performance obligations.

The Board also tentatively agreed to include these proposed amendments in its upcoming exposure draft on proposed technical corrections and improvements to [ASU 2014-09](#).² (See Deloitte's January 22, 2016, [journal entry](#) for more information about the Board's proposed technical corrections to ASC 606.) The proposed ASU is expected to have the same effective date and transition provisions as those in ASC 606 (as amended) and to permit a 45-day comment period.

¹ For titles of *FASB Accounting Standards Codification* (ASC) references, see Deloitte's "[Titles of Topics and Subtopics in the FASB Accounting Standards Codification](#)."

² FASB Accounting Standards Update No. 2014-09, *Revenue From Contracts With Customers*.

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