

Need to know

IASB proposes amendments to IFRS 15 to defer the effective date by one year



In a nutshell

- The exposure draft proposes to defer the effective date of IFRS 15 to annual reporting periods beginning on or after 1 January 2018, with earlier application permitted.
- The proposed effective date of IFRS 15 would generally align with the proposed effective date of the new revenue standard (ASU 2014-09) for entities reporting under US GAAP.
- Comments on the proposed amendments are due by 3 July 2015.

This edition of Need to know outlines the proposed amendments to IFRS 15 *Revenue from Contracts with Customers* set out in the recent exposure draft ED/2015/2 *Effective Date of IFRS 15 (Proposed amendments to IFRS 15)* (the "ED") which was issued in May 2015 for public comment.

Why are the amendments being proposed?

The IASB is proposing to defer the effective date of IFRS 15 as a result of a combination of the following factors, which make the current situation regarding IFRS 15 exceptional:

- its tentative decision to propose targeted amendments to IFRS 15, which include clarifying the guidance on licences and adding examples illustrating the guidance on identifying performance obligations;
- the delay in the publication of the Standard, which absorbed some of the implementation time entities were expecting to have; and
- the benefits of retaining an effective date that is generally aligned with the FASB.

What are the changes proposed by the ED?

Application of IFRS 15 is currently mandatory for annual reporting periods beginning on or after 1 January 2017, with earlier application permitted. Under the proposed amendments, IFRS 15 would be effective for annual reporting periods (including interim reporting periods within those periods) beginning on or after 1 January 2018, with earlier application continuing to be permitted.

IFRS 15 has not yet been adopted by the EU. As EFRAG recommended to the European Commission that the standard is adopted "with the effective date set by the IASB" it is expected that the EU effective date would also be delayed by one year.

Comments on the proposed amendments are due by 3 July 2015.

The IASB is expected to finalise its discussions on this topic at its July 2015 meeting.

For more information please see the following websites:

www.ukaccountingplus.com

www.deloitte.co.uk

Observation

On 29 April 2015, the FASB issued a proposed accounting standards update (“ASU”) to defer by one year the effective date of the new revenue standard for public and non-public entities reporting under US GAAP. The FASB also tentatively decided to permit entities to early adopt the new revenue standard as of the original effective date in the standard (i.e., annual reporting periods beginning after 15 December 2016).

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