

Accounting pronouncements effective in 2023

Several accounting pronouncements are effective for the first time in 2023 for calendar year-end entities. This publication lists the effective dates of Accounting Standards Updates (ASUs) issued by the Financial Accounting Standards Board (FASB) as of 31 December 2023, including those effective after 2023, and provides links to related EY publications that are available free of charge on [EY AccountingLink](#). Entities should monitor developments to determine whether any ASUs issued after 31 December 2023 are effective immediately. Other standard-setter and regulatory requirements (e.g., those of the Securities and Exchange Commission (SEC)) may also apply. All entities should carefully evaluate which accounting requirements apply to them for the first time in 2023.

Note: Early adoption generally is permitted unless otherwise noted.

Effective in 2023 for public ¹ calendar year-end entities ²			
ASU 2023-04	Liabilities (Topic 405): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 121	Effective upon issuance (3 August 2023). See SEC releases for effective date information. ³	▶ To the Point, SEC staff issues guidance on obligations to safeguard crypto assets
ASU 2023-03	Presentation of Financial Statements (Topic 205), Income Statement – Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from Equity (Topic 480), Equity (Topic 505), and	Effective upon issuance (14 July 2023). See SEC releases for effective date information. ³	▶ To the Point, SEC staff issues guidance on 'spring-loaded' share-based payment awards

¹ Refer to each ASU to determine which types of entities (e.g., public business entities (PBEs), not-for-profit (NFP) entities, employee benefit plans (EBPs)) are subject to these effective dates.

² Emerging growth companies can follow private company effective dates for all new or revised accounting standards. However, an emerging growth company can also make an irrevocable election to opt in to the public company transition provisions for all new or revised accounting standards.

³ This ASU adds or amends SEC paragraphs in the Accounting Standards Codification (ASC or Codification) that describe SEC guidance or SEC staff views that the FASB includes as a convenience to Codification users.

Effective in 2023 for public¹ calendar year-end entities²

	Compensation – Stock Compensation (Topic 718): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 120, SEC Staff Announcement at the March 24, 2022 EITF Meeting, and Staff Accounting Bulletin Topic 6.B, Accounting Series Release 280 – General Revision of Regulation S-X: Income or Loss Applicable to Common Stock		
ASU 2022-05	Financial Services – Insurance (Topic 944): Transition for Sold Contracts	SEC filers, excluding smaller reporting companies (SRCs): Effective for fiscal years beginning after 15 December 2022, including interim periods within those fiscal years. Other entities: Effective for fiscal years beginning after 15 December 2024, and interim periods within fiscal years beginning after 15 December 2025.	
ASU 2022-04	Liabilities – Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations	Effective for fiscal years beginning after 15 December 2022, including interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after 15 December 2023.	▸ <u>To the Point, FASB requires disclosures about supplier finance program obligations</u>
ASU 2022-02	Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures	Entities that have not yet adopted ASU 2016-13: Effective upon adoption of the amendments in ASU 2016-13. Early adoption is not permitted before an entity's adoption of ASU 2016-13. Entities that have adopted ASU 2016-13: Effective for fiscal years beginning after 15 December 2022, including interim periods within those fiscal years.	▸ <u>To the Point, FASB eliminates TDR guidance for creditors and requires enhanced vintage disclosures</u> ▸ <u>Financial reporting developments, Credit impairment under ASC 326</u>
ASU 2022-01	Derivatives and Hedging (Topic 815): Fair Value Hedging – Portfolio Layer Method	Public business entities: Effective for fiscal years beginning after 15 December 2022, including interim periods within those fiscal years. All other entities: Effective for fiscal years beginning after 15 December 2023, including interim periods within those fiscal years.	▸ <u>Financial reporting developments, Derivatives and hedging</u>
ASU 2021-08	Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers	Public business entities: Effective for fiscal years beginning after 15 December 2022, including interim periods within those fiscal years. All other entities: Effective for fiscal years beginning after 15 December 2023, including interim periods within those fiscal years.	▸ <u>To the Point, FASB issues guidance on accounting for revenue contracts acquired in a business combination</u> ▸ <u>Technical Line, A closer look at the new guidance on accounting for revenue contracts acquired in a business combination</u> ▸ <u>Financial reporting developments, Business combinations</u>
ASU 2020-03	Codification Improvements to Financial Instruments	Amendments related to ASU 2016-13, for entities that have not yet adopted that guidance: Effective upon adoption of the amendments in ASU 2016-13. Early adoption is not permitted before an entity's adoption of ASU 2016-13. Amendments related to ASU 2016-13, for entities that have adopted that guidance: Effective for fiscal years beginning after 15 December 2019, including interim periods within those years. Amendments related to ASU 2019-04: Effective for fiscal years beginning after 15 December 2019, including interim periods within those fiscal years. Other amendments: Effective upon issuance (9 March 2020).	▸ <u>Financial reporting developments, Credit impairment under ASC 326</u>

Effective in 2023 for public ¹ calendar year-end entities ²			
ASU 2019-11	Codification Improvements to Topic 326, Financial Instruments – Credit Losses	<p>Entities that have not yet adopted ASU 2016-13: Effective upon adoption of the amendments in ASU 2016-13. Early adoption is not permitted before an entity’s adoption of ASU 2016-13.</p> <p>Entities that have adopted ASU 2016-13: Effective for fiscal years beginning after 15 December 2019, including interim periods within those fiscal years.</p>	<ul style="list-style-type: none"> ▸ Financial reporting developments, <u>Credit impairment under ASC 326</u>
ASU 2019-05	Financial Instruments – Credit Losses (Topic 326): Targeted Transition Relief	<p>Entities that have not yet adopted ASU 2016-13: Effective upon adoption of the amendments in ASU 2016-13. Early adoption is not permitted before an entity’s adoption of ASU 2016-13.</p> <p>Entities that have adopted ASU 2016-13: Effective for fiscal years beginning after 15 December 2019, including interim periods within those fiscal years.</p>	<ul style="list-style-type: none"> ▸ Financial reporting developments, <u>Credit impairment under ASC 326</u>
ASU 2019-04	Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments	<p>Amendments related to ASU 2016-13, for entities that have not yet adopted that guidance: Effective upon adoption of the amendments in ASU 2016-13. Early adoption is not permitted before an entity’s adoption of ASU 2016-13.</p> <p>Amendments related to ASU 2016-13, for entities that have adopted that guidance: Effective for fiscal years beginning after 15 December 2019, including interim periods within those fiscal years.</p>	<ul style="list-style-type: none"> ▸ Financial reporting developments, <u>Credit impairment under ASC 326</u>
ASU 2018-19	Codification Improvements to Topic 326, Financial Instruments – Credit Losses	Effective upon adoption of the amendments in ASU 2016-13.	<ul style="list-style-type: none"> ▸ Financial reporting developments, <u>Credit impairment under ASC 326</u>
ASU 2018-12	Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts	<p>SEC filers, excluding SRCs: Effective for fiscal years beginning after 15 December 2022, including interim periods within those fiscal years.⁴</p> <p>Other entities: Effective for fiscal years beginning after 15 December 2024, and interim periods within fiscal years beginning after 15 December 2025.⁴</p>	<ul style="list-style-type: none"> ▸ Technical Line, <u>A closer look at how insurers will have to change their accounting and disclosures for long-duration contracts</u>
ASU 2017-04	Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment	<p>SEC filers, excluding SRCs: Effective for annual and any interim impairment tests performed for periods beginning after 15 December 2019.</p> <p>Other entities: Effective for annual and any interim impairment tests performed for periods beginning after 15 December 2022.⁵</p>	<ul style="list-style-type: none"> ▸ To the Point, <u>FASB simplifies the accounting for goodwill impairment</u> ▸ Financial reporting developments, <u>Intangibles – Goodwill and other</u>
ASU 2016-13	Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments	<p>SEC filers, excluding SRCs: Effective for fiscal years beginning after 15 December 2019, including interim periods within those fiscal years.</p> <p>Other entities: Effective for fiscal years beginning after 15 December 2022, including interim periods within those fiscal years.⁶</p>	<ul style="list-style-type: none"> ▸ Financial reporting developments, <u>Credit impairment under ASC 326</u>

⁴ ASU 2020-11, *Financial Services – Insurance (Topic 944): Effective Date and Early Application*, deferred the effective dates of the new standard on long-duration insurance contracts for all entities.

⁵ ASU 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*, deferred the effective date of ASU 2017-04 to align it with the new effective date of the credit losses standard.

⁶ ASU 2019-10 deferred the effective date of the credit losses standard for all entities except SEC filers that are not SRCs.

Effective after 2023 for public ¹ calendar year-end entities ²			
ASU 2023-09	Income Taxes (Topic 740): Improvements to Income Tax Disclosures	Public business entities: Effective for fiscal years beginning after 15 December 2024. All other entities: Effective for fiscal years beginning after 15 December 2025.	▸ <u>Technical Line, FASB issues guidance requiring additional income tax disclosures</u>
ASU 2023-08	Intangibles – Goodwill and Other – Crypto Assets (Topic 350-60): Accounting for and Disclosure of Crypto Assets	Effective for fiscal years beginning after 15 December 2024, including interim periods within those fiscal years.	▸ <u>To the Point, FASB requires fair value accounting and enhanced disclosures for certain crypto assets</u>
ASU 2023-07	Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosure	Effective for fiscal years beginning after 15 December 2023, and interim periods within fiscal years beginning after 15 December 2024.	▸ <u>To the Point, FASB requires public entities to disclose significant expenses and other segment items</u>
ASU 2023-06	Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative	SEC filers, including those required to file or furnish financial statements in connection with the sale or issuance of securities without contractual restrictions on transfer: Effective upon the removal of the related SEC requirement. Early adoption is not permitted.	▸ <u>To the Point, FASB incorporates certain SEC disclosure requirements into US GAAP</u>
ASU 2023-05	Business Combinations – Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement	Effective for all joint ventures with a formation date on or after 1 January 2025. Joint ventures formed before the effective date can apply the guidance retrospectively, and those formed on or after the effective date are required to apply it prospectively.	▸ <u>To the Point, FASB requires joint ventures to measure more assets and liabilities at fair value upon formation</u>
ASU 2023-02	Investments – Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method (a consensus of the Emerging Issues Task Force)	Public business entities: Effective for fiscal years beginning after 15 December 2023, including interim periods within those fiscal years. All other entities: Effective for fiscal years beginning after 15 December 2024, including interim periods within those fiscal years.	▸ <u>Technical Line, Expanded use of the proportional amortization method for equity investments in tax credit programs</u>
ASU 2023-01	Leases (Topic 842): Common Control Arrangements	Effective for fiscal years beginning after 15 December 2023, including interim periods within those fiscal years.	▸ <u>To the Point, FASB issues leases guidance for arrangements between entities under common control</u>
ASU 2022-03	Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions	Public business entities: Effective for fiscal years beginning after 15 December 2023, including interim periods within those fiscal years. All other entities: Effective for fiscal years beginning after 15 December 2024, including interim periods within those fiscal years.	▸ <u>To the Point, FASB clarifies guidance on measuring fair value of equity securities subject to contractual sale restrictions</u> ▸ <u>Financial reporting developments, Fair value measurement</u>
ASU 2020-06	Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity	SEC filers, excluding SRCs: Effective for fiscal years beginning after 15 December 2021, including interim periods within those fiscal years. Other entities: Effective for fiscal years beginning after 15 December 2023, including interim periods within those fiscal years.	▸ <u>Financial reporting developments, Issuer’s accounting for debt and equity financings (after the adoption of ASU 2020-06)</u> ▸ <u>Financial reporting developments, Earnings per share</u>

Effective in 2023 for nonpublic ⁷ calendar year-end entities			
ASU 2022-04	Liabilities – Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations	Effective for fiscal years beginning after 15 December 2022, including interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after 15 December 2023.	▸ <u>To the Point, FASB requires disclosures about supplier finance program obligations</u>
ASU 2022-02	Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures	Entities that have not yet adopted ASU 2016-13: Effective upon adoption of the amendments in ASU 2016-13. Early adoption is not permitted before an entity's adoption of ASU 2016-13. Entities that have adopted ASU 2016-13: Effective for fiscal years beginning after 15 December 2022, including interim periods within those fiscal years.	▸ <u>To the Point, FASB eliminates TDR guidance for creditors and requires enhanced vintage disclosures</u> ▸ <u>Financial reporting developments, Credit impairment under ASC 326</u>
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ASU 2019-11	Codification Improvements to Topic 326, Financial Instruments – Credit Losses	Entities that have not yet adopted ASU 2016-13: Effective upon adoption of the amendments in ASU 2016-13. Early adoption is not permitted before an entity's adoption of ASU 2016-13. Entities that have adopted ASU 2016-13: Effective for fiscal years beginning after 15 December 2019, including interim periods within those fiscal years.	▸ <u>Financial reporting developments, Credit impairment under ASC 326</u>
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ASU 2019-04	Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments	Amendments related to ASU 2016-13, for entities that have not yet adopted that guidance: Effective upon adoption of the amendments in ASU 2016-13. Early adoption is not permitted before an entity's adoption of ASU 2016-13. Amendments related to ASU 2016-13, for entities that have adopted that guidance: Effective for fiscal years beginning after 15 December 2019, including interim periods within those fiscal years.	▸ <u>Financial reporting developments, Credit impairment under ASC 326</u>
ASU 2018-19	Codification Improvements to Topic 326, Financial Instruments – Credit Losses	Effective upon adoption of the amendments in ASU 2016-13.	▸ <u>Financial reporting developments, Credit impairment under ASC 326</u>

⁷ Refer to each ASU to determine which types of entities (e.g., private companies, NFPs, EBPs) are subject to these effective dates.

Effective in 2023 for nonpublic ⁷ calendar year-end entities			
ASU 2017-04	Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment	Effective for annual and any interim impairment tests performed for periods beginning after 15 December 2022. ⁵	<ul style="list-style-type: none"> ▸ <u>To the Point, FASB simplifies the accounting for goodwill impairment</u> ▸ <u>Financial reporting developments, Intangibles – Goodwill and other</u>
ASU 2016-13	Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments	Effective for fiscal years beginning after 15 December 2022, including interim periods within those fiscal years. ⁶	<ul style="list-style-type: none"> ▸ <u>Financial reporting developments, Credit impairment under ASC 326</u>
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ASU 2023-09	Income Taxes (Topic 740): Improvements to Income Tax Disclosures	Effective for fiscal years beginning after 15 December 2025.	<ul style="list-style-type: none"> ▸ <u>Technical Line, FASB issues guidance requiring additional income tax disclosures</u>
ASU 2023-08	Intangibles – Goodwill and Other – Crypto Assets (Topic 350-60): Accounting for and Disclosure of Crypto Assets	Effective for fiscal years beginning after 15 December 2024, including interim periods within those fiscal years.	<ul style="list-style-type: none"> ▸ <u>To the Point, FASB requires fair value accounting and enhanced disclosures for certain crypto assets</u>
ASU 2023-06	Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative	Effective two years after the removal of the related SEC requirement.	<ul style="list-style-type: none"> ▸ <u>To the Point, FASB incorporates certain SEC disclosure requirements into US GAAP</u>
ASU 2023-05	Business Combinations – Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement	Effective for all joint ventures with a formation date on or after 1 January 2025. Joint ventures formed before the effective date can apply the guidance retrospectively, and those formed on or after the effective date are required to apply it prospectively.	<ul style="list-style-type: none"> ▸ <u>To the Point, FASB requires joint ventures to measure more assets and liabilities at fair value upon formation</u>
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ASU 2022-01	Derivatives and Hedging (Topic 815): Fair Value Hedging – Portfolio Layer Method	Effective for fiscal years beginning after 15 December 2023, including interim periods within those fiscal years.	<ul style="list-style-type: none"> ▸ <u>Financial reporting developments, Derivatives and hedging</u>

Effective after 2023 for nonpublic⁷ calendar year-end entities

ASU 2021-08	Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers	Effective for fiscal years beginning after 15 December 2023, including interim periods within those fiscal years.	<ul style="list-style-type: none"> ▶ <u>To the Point, <i>FASB issues guidance on accounting for revenue contracts acquired in a business combination</i></u> ▶ <u>Technical Line, <i>A closer look at the new guidance on accounting for revenue contracts acquired in a business combination</i></u> ▶ <u>Financial reporting developments, <i>Business combinations</i></u>
ASU 2020-06	Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity	Effective for fiscal years beginning after 15 December 2023, including interim periods within those fiscal years.	<ul style="list-style-type: none"> ▶ <u>Financial reporting developments, <i>Issuer’s accounting for debt and equity financings (after the adoption of ASU 2020-06)</i></u> ▶ <u>Financial reporting developments, <i>Earnings per share</i></u>
ASU 2018-12	Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts	Effective for fiscal years beginning after 15 December 2024, and interim periods within fiscal years beginning after 15 December 2025. ⁴	<ul style="list-style-type: none"> ▶ <u>Technical Line, <i>A closer look at how insurers will have to change their accounting and disclosures for long-duration contracts</i></u>

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