

## FASB Decides to Extend Effective Date of Revenue Recognition and Leases Standards for Certain Entities

May 21,  
**2020**

The Financial Accounting Standards Board (FASB) met on Wednesday, May 20, 2020, and voted to extend the effective dates of Topic 606, Revenue from Contracts with Customers, and Topic 842, Leases, for certain entities. It has directed the staff to draft a final Accounting Standards Update (ASU) for vote by written ballot.

### Revenue Recognition

For Topic 606, the FASB decided to amend the effective date for all nonpublic entities that have not yet adopted the new standard. The original proposal would have extended the revenue recognition proposal only for franchisors that are not public business entities, but the FASB extended the relief to all nonpublic entities based on feedback on the proposal. The effective date for the new revenue recognition standard will be extended to annual reporting periods beginning after December 15, 2019, and interim reporting periods within annual reporting periods beginning after December 15, 2020. Early application will continue to be permitted.

The FASB retained the effective date of ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, and elected to not align the guidance with the deferral of the revenue recognition standard.

### Leases

The FASB decided to extend the effective date of Topic 842 for private companies and private not-for-profit entities. For those entities, the effective date of Topic 842 will be for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early application will continue to be permitted.

The effective date has also been extended for not-for-profit entities that have issued or are conduit bond obligors for securities that are traded, listed or quoted on an exchange or an over-the-counter market (public NFP entities), and which have not yet issued financial statements (or made their financial statements available for issuance) reflecting the adoption of Topic 842. For these entities, the effective date will be for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

Early adoption will continue to be permitted.

In addition, the FASB clarified that a public not-for-profit entity that has issued financial information, rather than financial statements, that reflects adoption of Topic 842 is eligible to apply the deferral.

We will continue to keep you informed with the latest developments on [our blog](#) and on [our website](#).

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