



Defining Issues[®]

Effective dates for long-duration insurance, derivatives, CECL and leases may be delayed

July 18, 2019



KPMG reports that the FASB tentatively decided to defer the effective dates for several major accounting standards.

Applicability

All companies.

Key facts and impacts

At its July 17 meeting, the Board voted to issue two proposed ASUs with 30-day comment periods that would defer the effective dates for:

- **all** companies for its ASU on long-duration insurance contracts;¹
- **certain** companies for its ASUs on credit losses (CECL), derivatives and hedging, and leases;²

The Board also decided to change its general approach for setting effective dates for major, forthcoming accounting standards.

Long-duration insurance contracts

The Board tentatively decided to defer the effective date for all companies affected by its ASU on long-duration insurance contracts. The Board made its decision based on outreach with companies that indicated there were significant systems and data challenges that would affect their ability to meet the effective date deadline.

Company type	Current effective date for calendar year-end companies	Proposed effective date for calendar year-end companies
SEC filers that are not smaller reporting companies ³	January 1, 2021	January 1, 2022
SEC filers that are smaller reporting companies	January 1, 2021	January 1, 2024

¹ ASU 2018-12, [Targeted Improvements to the Accounting for Long-Duration Contracts](#)

² ASU 2016-13, [Measurement of Credit Losses on Financial Instruments](#); ASU 2017-12, [Targeted Improvements to Accounting for Hedging Activities](#); and ASU 2016-02, [Leases](#) (as amended)

³ See the definition of a smaller reporting company on page 3 of this publication and SEC Release Nos. 33-10513; 34-83550, [Smaller Reporting Company Definition](#)

Company type	Current effective date for calendar year-end companies	Proposed effective date for calendar year-end companies
Public business entities that are not SEC filers	January 1, 2021	January 1, 2024
All other companies in the scope of ASC 944	January 1, 2022	January 1, 2024

Credit losses

The Board tentatively decided to defer the effective dates of its CECL ASU for SEC filers that are smaller reporting companies, non-SEC filers and all other companies. A company's determination about whether it is a smaller reporting company would be based on its most recent filing status prior to the date the proposed ASU becomes final.

Company type	Current effective date for calendar year-end companies	Proposed effective date for calendar year-end companies
SEC filers that are not smaller reporting companies	January 1, 2020	January 1, 2020
SEC filers that are smaller reporting companies	January 1, 2020	January 1, 2023
Public business entities that are not SEC filers	January 1, 2021	January 1, 2023
All other companies, including not-for-profit companies and employee benefit plans	January 1, 2022	January 1, 2023

Derivatives and leases

The Board tentatively decided to provide a one-year deferral of the effective dates of its ASUs on derivatives and hedging and leases for companies that are not public business entities as shown in the following chart.

The Board did not change the effective dates for SEC filers and other public business entities because these ASUs are currently effective for those entities.⁴

	Current effective date for calendar year-end companies	Proposed effective date for calendar year-end companies
Annual periods	January 1, 2020	January 1, 2021
Interim periods	January 1, 2021	January 1, 2022

⁴ For the lease standard, the effective date also will not change 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, and employee benefit plans that file or furnish financial statements with or to the SEC because the standard is already effective for these entities.

Effective dates for future ASUs

The Board decided to change its general approach for setting effective dates for major accounting standards. It proposed changes to the effective dates for previously issued ASUs on credit losses, derivatives and hedging and leases to conform to this new approach.

The effective dates would differ by at least two years for:

- SEC filers that are not smaller reporting companies (as defined by the SEC); and
- all other entities.

All other entities would include SEC filers that are smaller reporting companies, public business entities that are not SEC filers, private companies, not-for-profit organizations and employee benefit plans.

The SEC defines a smaller reporting company based on the following initial qualification thresholds:⁵

- public float of less than \$250 million; or
- annual revenues less than \$100 million as of the most recent fiscal year, and either no public float or a public float of less than \$700 million.

To determine when it would be required to adopt a new standard, a company would evaluate whether it meets the definition of a smaller reporting company based on a defined date, and would not perform a reassessment in subsequent periods.

⁵ KPMG's Defining Issues 18-14, [SEC updates smaller reporting company definition](#)

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