

IFRS in Focus

IASB issues amendment to defer effective date of IFRS 15

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This edition of IFRS in Focus outlines the recent amendment *Effective Date of IFRS 15 to IFRS 15 Revenue from Contracts with Customers* which was issued in September 2015.

The Bottom Line

- The IASB issued an amendment deferring the effective date of IFRS 15 *Revenue from Contracts with Customers* to 1 January 2018.
- The new effective date of IFRS 15 generally aligns with the new revenue standard for entities reporting under U.S. GAAP.
- Earlier application of IFRS 15 continues to be permitted.

Why has the amendment been issued?

After issuance of IFRS 15, the IASB and their U.S. equivalent the Financial Accounting Standards Board (FASB) formed a joint Revenue Transition Resource Group in order to support the implementation of the new standard. As a result of the group's discussions, the IASB issued Exposure Draft *Clarifications to IFRS 15* in July 2015. To enable users to apply these proposed amendments and IFRS 15 at the same time, the IASB has decided to defer the effective date of the standard.

Further reasons for the deferral include giving preparers more time to implement as the original publication of IFRS 15 had been delayed and retaining an effective date that is generally aligned with the effective date of the new revenue standard (ASU 2014-09) under U.S. GAAP.

What are the changes introduced by the amendment?

The amendment changes the mandatory effective date of IFRS 15 from annual periods beginning on or after 1 January 2017 to annual periods beginning on or after 1 January 2018. Earlier application of IFRS 15 continues to be permitted.

Observation

On 12 August 2015, the FASB has issued ASU *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date* which defers the effective date of the new revenue standard for public and non-public entities under U.S. GAAP for one year. Early adoption is permitted only as of the original effective date in the standard (i.e., annual reporting periods beginning after 15 December 2016).

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