



Audit



Business operations



Money

FASB Board amends credit losses guidance

December 17, 2018

The Board issued ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments – Credit Losses, which amends two areas of the guidance in ASC 326.



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The amendments require entities that are not public business entities to adopt ASU 2016-13 in fiscal years beginning after Dec. 15, 2021, and in interim periods within those fiscal years. As originally issued, ASU 2016-13 required entities that are not public business entities to adopt this new guidance in fiscal years beginning after Dec. 15, 2020, and in interim periods within fiscal years beginning after Dec. 15, 2021. ASU 2018-19 does not impact the effective date requirements for public business entities.

The amendments also exclude operating lease receivables from the scope of ASC 326-20. Instead, entities should account for the impairment of receivables resulting from operating leases under the guidance in ASC 842, Leases. Net investments in leases resulting from sales-type and direct financing leases remain within the scope of ASC 326-20.

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The effective date and transition requirements for this ASU are the same as those for ASU 2016-13.

Source:
Grant Thornton, On the Horizon November 29, 2018.

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