
FASB | IASB Education Meeting

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Project	The IASB's Project: Post-implementation Review of IFRS 15 The FASB's Project: Post-implementation Review of Topic 606
Topic	Overview of Post-implementation Reviews
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Purpose of this paper

1. The purpose of this paper is to provide an overview of the IASB's post-implementation review (PIR) on IFRS 15 *Revenue from Contracts with Customers* and the FASB's PIR on Topic 606 *Revenue from Contracts with Customers* to facilitate the discussion at the June 21, 2024 FASB-IASB joint education meeting.
2. Accompanying this paper:
 - (a) Agenda Paper 6A provides an overview of the IASB's discussions on application matters related to IFRS 15; and
 - (b) Agenda Paper 6B provides an overview of the FASB's standard-setting activities related to Topic 606.

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Background

3. This Section includes:

- (a) The purpose of the joint education meeting
- (b) High-level comparison between IFRS 15 and Topic 606
- (c) Overview of the IASB's PIR process and the current status of the PIR of IFRS 15
- (d) Overview of the FASB's PIR process and the current status of the PIR of Topic 606.

Purpose of the Joint Education Meeting

4. The purpose of the FASB-IASB joint education meeting is for the IASB and the FASB to share updates about each board's PIR activities and findings on its respective revenue standard before each board concludes the PIR process.

High-Level Comparison Between IFRS 15 and Topic 606

5. The IASB and the FASB jointly developed IFRS 15 and Topic 606 with the aim of clarifying the principles for recognizing revenue and developing a common revenue standard. When issued in May 2014, the standards were converged except for some minor differences. In response to a series of discussions by the Transition Resource Group (TRG) that was formed jointly by the boards to support implementation of IFRS 15 and Topic 606, the boards made targeted improvements or clarifications to the revenue standards through subsequent standard-setting activities. Many of the improvements or clarifications are the same or similar between IFRS 15 and Topic 606 to maintain the

standards' convergence (for example, clarifications to the guidance on principal versus agent considerations and on identifying performance obligations). Please see Appendix A for a comparison between IFRS 15 and Topic 606.

IASB PIR Overview

6. After issuing a new IFRS Accounting Standard, the IASB stands ready to act if evidence indicates a need for improvement to financial reporting. The evidence may arise from mechanisms such as:
 - (a) discussions by Transition Resource Groups, if set up;
 - (b) submissions to the IFRS Interpretations Committee;
 - (c) ongoing stakeholder engagement via both standing bodies and general discussions;
 - (d) a post-implementation review; or
 - (e) the IASB's five-yearly agenda consultation.
7. After issuing IFRS 15, the IASB monitored and supported the implementation and application of the Standard, including:
 - (a) establishing with the FASB a joint TRG to support the implementation of IFRS 15;
 - (b) issuing [clarifications to IFRS 15](#) to address some of the matters discussed by the TRG (see also paragraph 5 and Appendix A);
 - (c) providing [educational materials](#) such as articles and webcasts; and

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- (d) analyzing application questions at the IFRS Interpretations Committee. The Interpretations Committee published nine agenda decisions related to IFRS 15 discussing:¹
- (i) agent-principal designation in software distribution industry (May 2022 [Agenda Decision](#) *Principal versus Agent: Software Reseller*);
 - (ii) real estate revenue accounting (March 2018 [Agenda Decision](#) *Right to Payment for Performance Completed to Date*, March 2018 [Agenda Decision](#) *Revenue Recognition in a Real Estate Contract* and March 2018 [Agenda Decision](#) *Revenue Recognition in a Real Estate Contract that Includes the Transfer of Land*);
 - (iii) borrowing costs and costs to fulfil a construction contract (March 2019 [Agenda Decision](#) *Over Time Transfer of Constructed Good* and June 2019 [Agenda Decision](#) *Costs to Fulfil a Contract*);
 - (iv) compensation for delays or cancellations in airline industry (September 2019 [Agenda Decision](#) *Compensation for Delays or Cancellations*);
 - (v) accounting for upfront listing fees (January 2019 [Agenda Decision](#) *Assessment of Promised Goods or Services*); and
 - (vi) accounting for training costs (March 2020 [Agenda Decision](#) *Training Costs to Fulfil a Contract*).
8. The IASB is required to conduct a PIR of each new IFRS Accounting Standard or major amendment. The objective of an IASB PIR is to assess whether the effects of applying the new requirements on users of financial statements, preparers, auditors and regulators are those the IASB intended when it developed the requirements. The earliest a PIR would start is after the new requirements have been implemented for at least 24 months.

¹ The IFRS Interpretations Committee publishes an agenda decision to explain why it does not recommend standard-setting. In many cases, agenda decisions include explanatory material, whose objective is to improve the consistency of application of IFRS Accounting Standards. However, agenda decisions do not add or change the requirements in Standards.

9. Based on the requirements in the [IFRS Foundation Due Process Handbook](#), the IASB's PIR process consists of two phases:
- (a) in phase 1, the IASB identifies matters to be examined, drawing on discussions with the IFRS Interpretations Committee, the IASB's advisory groups and other interested parties. The IASB consults publicly on the matters identified in the first phase of the PIR.
 - (b) in phase 2, the IASB considers the comments from the public consultation along with the information it has gathered from any additional analysis and consultative activities.
10. The IASB concludes a PIR by determining:
- (a) whether, overall, the new requirements are working as intended. Respondents asking fundamental questions about the clarity and suitability of the core objectives or principles in the new requirements would suggest that the requirements are not working as intended.
 - (b) whether stakeholders have specific questions about applying the new requirements that require a response. If stakeholders have specific application questions, the IASB may still conclude that the new requirements are working as intended. However, the IASB will respond to those application questions if they meet the criteria necessary for the IASB to take further action (see paragraphs 3–4 of Agenda Paper 6A).
11. The IASB started its PIR of IFRS 15 in September 2022. After consulting with a wide range of stakeholders from across the world in more than 40 outreach events and reviewing academic literature, in June 2023 the IASB published [Request for Information Post-implementation Review of IFRS 15 Revenue from Contracts with Customers](#) (the RFI). The comment period for the RFI ended October 27, 2023. The IASB received 74 responses.

12. In January–May 2024, the IASB discussed the feedback on the RFI and made tentative decisions on application matters raised by respondents (see paragraphs 36–39 and Agenda Paper 6A). Following the joint education meeting, the IASB expects to finalize its decisions in the third quarter of 2024 and publish a project report and feedback statement shortly thereafter.

FASB PIR Overview

13. The [Post-Implementation Review \(PIR\) process](#) is part of the Financial Accounting Foundation’s (FAF) Board of Trustees’ oversight responsibilities for the FASB. The PIR process assists the Trustees in evaluating the effectiveness of the standard-setting process.

14. The PIR process is an evaluation of whether a standard is achieving its objective by providing investors with relevant information in ways that justify the cost of providing it. It is an important quality control mechanism built into FASB’s standard-setting process that begins after the issuance of select standards. During the PIR process, the FASB solicits and considers diverse stakeholder input and other research to evaluate the standards that are issued and whether there are areas of improvements that the FASB should address.

15. The main objectives of the PIR process are to (a) determine whether a standard is accomplishing its stated purpose, (b) evaluate the selected standard’s implementation and continuing compliance costs and related benefits, and (c) provide feedback to improve the standard-setting process.

16. The PIR process comprises three stages:

- (a) Stage 1. Post-issuance date implementation monitoring. This stage begins after issuance of the standard and continues until at least three years after the latest effective date of the standard. During the post-issuance date implementation monitoring period (and before the effective date), at a macro level the FASB will:

- (i) actively monitor practice as stakeholders prepare for initial implementation of the standard.
- (ii) develop and disseminate implementation guidance and educational material.
- (iii) communicate and perform outreach with stakeholder organizations, including outreach with the academic community (leveraging advisory councils, committees, and resource groups where applicable) to generate interest in research activities associated with the standard that are the subject of the PIR process.

After the effective date of the final standard, the FASB will perform a review of financial reports and survey financial statement preparers (with the assistance of the academic community when needed).

- (b) Stage 2. Post-effective date evaluation of costs and benefits. This stage begins after the effective date of the final standard and continues for approximately three to five years. Stage 2 activities include:
 - (i) understanding the costs that an entity incurred in applying the standard as well as the costs that investors and other users incurred in analyzing and interpreting the information that the standard provides.
 - (ii) understanding the benefits of the standard to investors and other users as well as to entities.
 - (iii) monitoring the ongoing application of the standard.

In this stage, the FASB may encourage academic research to assess certain aspects of the standard to provide information to the FASB on the effectiveness of the standard.

- (c) Stage 3. Summary of research and reporting. Following the completion of Stages 1 and 2, the PIR research is summarized in a final report. The final

report is a culmination of previous reports and describes the activities conducted and actions taken to address any identified issues.

17. Key PIR activities performed to date include:

- (a) Forming the TRG for Revenue Recognition and providing educational materials to support initial adoption
- (b) Issuing Accounting Standards Updates for clarification or simplification in various areas and also for effective date deferrals
- (c) Providing ongoing implementation support through the FASB's [technical inquiry service](#)
- (d) Interacting with stakeholders through advisory group meetings, outreach discussions, surveys, conferences, and a public roundtable
- (e) Reviewing academic literature
- (f) Co-hosting the Accounting for an Ever-Changing World joint conference.

18. After this joint education meeting between the IASB and the FASB, the FASB will continue to monitor the implementation of Topic 606 as the PIR process transitions from Stage 2 to Stage 3. The FASB plans to discuss the PIR findings, overall conclusions, and any other related matters at a future Board meeting before the final PIR report is issued (and provided to the FAF trustees) later in 2024.

PIR Feedback Summary

19. This section includes:

- (a) Overall feedback on the standards
- (b) Feedback on convergence between IFRS 15 and Topic 606
- (c) Identified application matters.

Overall Feedback on the Standards

Overall Feedback on IFRS 15

20. Respondents' overall assessment of IFRS 15 was very positive. Almost all respondents said that IFRS 15 has achieved its objective and is working well. The five-step model is generally seen as a suitable basis for analyzing revenue contracts of varying complexity across a wide range of industries and business models. Respondents raised no fundamental questions about the objective and the core principle of the Standard, although most respondents said that some application challenges remain.² A few respondents said that IFRS 15 is a significant improvement over the previous limited revenue recognition requirements.
21. Many respondents—and almost all users of financial statements in outreach meetings—said that IFRS 15 has improved the usefulness of revenue information, including its comparability among entities within the same industry, among industries and among entities in various capital markets. Many stakeholders attributed some of those improvements to the significant degree of convergence between IFRS 15 and Topic 606.
22. Some respondents mentioned other benefits of IFRS 15 implementation, such as:
- (a) better knowledge of contracts and improved internal processes and controls;
 - (b) greater collaboration between accounting and business functions;
 - (c) better understanding of the business both within an entity and by auditors and users; and
 - (d) implementation of IFRS 15 driving further investment in other areas and bringing additional benefits beyond accounting.

² A few respondents described their concerns as fundamental. However, those concerns were about specific aspects of the model rather than the objective or the core principle.

23. Most of the feedback in response to the RFI related to application matters (see Agenda Paper 6A). Many respondents observed that although applying IFRS 15 was initially challenging, entities have now developed accounting policies. For most of the remaining challenges, respondents asked the IASB to consider providing application guidance, illustrative examples and/or educational materials. Some respondents cautioned the IASB against making significant changes to IFRS 15 that would result in disruption to established practice.
24. Most respondents said that transition to IFRS 15 was challenging and costly, particularly for some industries such as telecommunications, construction and software. For most entities, incremental costs decreased over time and are now at an acceptable level. Respondents said that ongoing costs relate mainly to assessing new contracts and contract modifications, ongoing employee training and maintaining systems for complying with the requirements. A few respondents said that ongoing costs remain significant in some industries, for example, telecommunications.
25. Overall, most respondents expressed a view that the benefits of IFRS 15 outweigh the costs of implementing and applying the Standard. However, a few standard-setters from Asia and Latin America questioned the cost-benefit of the Standard for entities whose financial statements were least affected by the Standard.
26. January 2024 [Agenda Paper](#) *Feedback summary—IFRS 15 requirements* provides further details on respondents' feedback to the RFI.

Overall Feedback on Topic 606

27. Overall, stakeholder feedback on Topic 606 is positive. Investors generally agreed that Topic 606 provides more useful and transparent information, especially through improved disclosures. Investors also agreed that Topic 606 improves the consistency and comparability of revenue across industries and achieved its expected benefits in a majority of industries. Other stakeholders, including practitioners and preparers, noted that principles-based guidance, with the application of judgment, allows for better

alignment with the economics of the business and is more adaptable to the evolving business environment. Some stakeholders viewed convergence with IFRS Accounting Standards as a significant accomplishment. One indirect benefit of Topic 606 noted by some stakeholders is that it helps entities better understand their businesses and contracts and improve their internal processes around revenue recognition.

28. Stakeholders observed that the types of implementation costs incurred generally align with the FASB's expectations. Although there were additional efforts to learn Topic 606 and some challenges to understand revenue trends during the transition period, the costs incurred by investors were mostly one-time costs. Most preparers noted that their financial statements were not materially affected by Topic 606. Preparers that reported higher implementation costs than the budgeted amount commented that the incurred costs related to additional personnel, IT systems and audit costs, and that some of the costs continue beyond the transition.
29. Throughout the PIR process, stakeholders noted the areas of Topic 606 that have been challenging to apply. Despite the implementation challenges discussed in paragraph 35 below, stakeholders generally agreed that no significant changes to Topic 606 are considered necessary. Some stakeholders suggested making minor improvements to Topic 606, such as adding illustrative examples or additional implementation guidance in certain areas.
30. Detailed stakeholder feedback can be found in the following public documents:
- (a) [PIR activity update—July 28, 2021 Board meeting handout](#)
 - (b) [PIR activity update—September 21, 2022 Board meeting handout](#)
 - (c) [Public roundtable meeting discussion material—November 10, 2023](#)
 - (d) [Public roundtable meeting minutes—November 10, 2023](#)
 - (e) [PIR activity update—May 8, 2024 Board meeting handout.](#)

Feedback on Convergence between IFRS 15 and Topic 606

Comments from IASB stakeholders

31. Many respondents to the RFI commented on convergence, as follows:

- (a) almost all of them said that it is important to retain at least the current degree of convergence between IFRS 15 and Topic 606. Some respondents called for the IASB and the FASB to work together to ensure that there are no significant differences between IFRS 15 and Topic 606. In addition, users of financial statements strongly supported convergence between the standards. Stakeholders said that convergence made it easier for users to compare information between companies and capital markets and reduced costs for preparers, especially for multinational entities and listed entities with dual reporting requirements.
- (b) a few respondents said that convergence is important but should not be an aim in itself. They expressed a view that convergence considerations should not stop the IASB from amending IFRS 15 if the amendment would significantly enhance the usefulness of resulting information.
- (c) a few respondents, mostly from jurisdictions where few entities are required to provide financial statements in accordance with US GAAP, said that convergence is not a high priority for them.

32. Some respondents called for reducing differences between IFRS 15 and Topic 606 and asked the IASB to consider some or all of the amendments that the FASB made to Topic 606 since it was issued. The IASB considered those requests when discussing application matters raised by respondents.

Comments from FASB stakeholders

33. During the FASB's PIR process, many stakeholders noted that convergence with IFRS Accounting Standards is a significant accomplishment. They noted that convergence provided a single framework for companies around the world to report revenue and simplified the reporting process, particularly for multinational companies. Some investors observed increased comparability among entities in different markets as a result of the converged guidance under Topic 606 and IFRS 15. Some preparers observed an increased convergence in practice (for example, the way in which revenue is tracked is more closely aligned in the reporting under GAAP and IFRS Accounting Standards). Some practitioners confirmed that there was a high degree of convergence between Topic 606 and IFRS 15.
34. If the FASB considers any changes to Topic 606, some stakeholders emphasized the importance of maintaining convergence, which is in their view a key benefit of Topic 606. However, some stakeholders noted that for multinational companies, while divergence may cause complexity at a statutory or local reporting level, they would appreciate the benefits of improved guidance in the GAAP financial statements at the parent-entity level. A few investors also noted that the benefits from future improvements to GAAP may outweigh the potential disadvantages of reduced convergence with IFRS Accounting Standards.

Identified Application Matters

35. The table below compares the application matters identified from each board's PIR process:

<p style="text-align: center;">IFRS 15</p> <p style="text-align: center;"><i>See Agenda Paper 6A for the details of the feedback</i></p>	<p style="text-align: center;">Topic 606</p> <p style="text-align: center;"><i>See Topic 3 of the November 10, 2023 Roundtable Discussion Materials and Agenda Paper 6B for the details of the feedback</i></p>
Identifying performance obligations in a contract	Identifying performance obligations in a contract
<p>Determining the transaction price</p> <ul style="list-style-type: none"> • Consideration payable to a customer • Variable consideration • Sales-based or usage-based royalties • Sales-based taxes • Non-cash consideration • Significant financing component 	<p>Consideration payable to a customer</p> <p>Constraint on variable consideration</p> <p>Sales-based or usage-based royalties</p>
Determining when to recognize revenue	
Principal versus agent considerations	Principal versus agent considerations
Licensing	Licensing
Disclosure requirements	Disclosure requirements
Transition requirements	
Other matters	Stand-alone selling price

<p style="text-align: center;">IFRS 15</p> <p style="text-align: center;"><i>See Agenda Paper 6A for the details of the feedback</i></p>	<p style="text-align: center;">Topic 606</p> <p style="text-align: center;"><i>See Topic 3 of the November 10, 2023 Roundtable Discussion Materials and Agenda Paper 6B for the details of the feedback</i></p>
<ul style="list-style-type: none"> • Allocating the transaction price to performance obligations • Other matters 	<p>Incremental costs of obtaining a contract</p> <p>Short-cycle manufacturing</p>
<p>Interaction with other IFRS Accounting Standards</p> <ul style="list-style-type: none"> • Interaction with IFRS 3 <i>Business Combinations</i> in relation to the measurement of contract assets and contract liabilities acquired as part of a business combination • Interaction with IFRS 9 <i>Financial Instruments</i> in relation to accounting for price reductions and liabilities arising from IFRS 15 • Interaction with IFRS 10 <i>Consolidated Financial Statements</i> in relation to accounting for transactions in which an entity, as part of ordinary activities, sells an asset by selling an equity interest in a single asset entity that is a subsidiary ('corporate wrapper') 	<p>Interaction with Topic 815 Derivatives and Hedging and Topic 321</p> <p>Investments—Equity Securities related to revenue contracts with a share-based payment from a customer</p> <p>Interaction with Topic 718</p> <p>Compensation—Stock Compensation related to warrants paid to a customer in a revenue transaction</p> <p>Applicability of Topic 606 to common interest realty associations</p> <p>Applying accounting guidance to loss contracts (also referred to as onerous contracts)</p>

<p style="text-align: center;">IFRS 15</p> <p style="text-align: center;"><i>See Agenda Paper 6A for the details of the feedback</i></p>	<p style="text-align: center;">Topic 606</p> <p style="text-align: center;"><i>See Topic 3 of the November 10, 2023 Roundtable Discussion Materials and Agenda Paper 6B for the details of the feedback</i></p>
<ul style="list-style-type: none"> • Interaction with IFRS 11 <i>Joint Arrangements</i> in relation to accounting for collaborative arrangements • Interaction with IFRS 16 <i>Leases</i> in relation to accounting for contracts that contain lease and non-lease components and assessing whether a transfer of an asset is a sale in a sale and leaseback transaction • Interaction with other Standards, including IFRIC 12 <i>Service Concession Arrangements</i> 	

IASB’s Discussion Update

36. In February–May 2024, the IASB discussed the application matters raised by respondents and summarized in the table above. Most of the matters did not meet the IASB’s criteria for taking action (see paragraph 3 of Agenda Paper 6A).

37. However, the IASB tentatively decided to consider some of the matters in its next agenda consultation, namely:

- (a) how to assess control over services and intangible assets in determining whether an entity acts as a principal or an agent (see paragraphs 36–37 of Agenda Paper 6A); and

- (b) how to account for consideration payable to a customer (see paragraphs 12–13 of Agenda Paper 6A).

38. The IASB is also planning to consider in the next agenda consultation some aspects of the interaction between IFRS 15 and IFRS 10, IFRS 11 and IFRIC 12. In addition, the IASB will gather further evidence on some aspects of applying IFRS 15 with IFRS 16 in the forthcoming PIR of the Leases standard.
39. Following the joint education meeting, the IASB will consider the observations made at the meeting in making final decisions on whether to take action on any of the matters. As part of that discussion, the IASB also will discuss whether to add some explanations from paragraphs BC105, BC116K, BC385H and BC385E of the Basis for Conclusions on IFRS 15 to the Standard itself to clarify some aspects of the guidance on identifying performance obligations and principal versus agent considerations.

FASB's Discussion Update

40. Throughout the PIR process, stakeholders identified various matters as challenging areas under Topic 606. Most of the matters have been researched in more depth by the staff and discussed with the FASB at its Board meetings (specifically, the September 2022 Board meeting and the May 2024 Board meeting). The FASB has not decided to add those matters to the technical agenda and has asked the staff to continue to monitor them.
41. Following the joint education meeting, the FASB will consider the observations made at the meeting and discuss the PIR findings, overall conclusions, and any other related matters at a future Board meeting, before the final PIR report is issued later in 2024.

Question

Question for the IASB and the FASB

Do you have any comments or questions on the information provided in this Agenda Paper and in Agenda Papers 6A and 6B?

Appendix A—Comparison Between IFRS 15 and Topic 606

A1. The table below summarizes (a) the differences between IFRS 15 and Topic 606 when the standards were issued in 2014, (b) the differences that arose after the standards were issued in 2014, and (c) the differences between revenue recognition in IFRS and US GAAP arising from other standards:

Topic	IFRS 15	Topic 606
<i>Differences between IFRS 15 and Topic 606 when the standards were issued in 2014 [The differences were listed in Appendix A of the Basis for Conclusions on IFRS 15 and Appendix of Update 2014-09]:</i>		
1. Meaning of ‘probable’ in the collectability criterion for applying the revenue recognition model to a contract.	‘Probable’ is defined in IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> and IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> as ‘more likely than not’.	Under US GAAP, ‘probable’ is defined as ‘the future event or events are likely to occur’.

Topic	IFRS 15	Topic 606
2. Interim disclosure requirements.	The IASB amended IAS 34 <i>Interim Financial Statements</i> to specifically require the disclosure of disaggregated information of revenue from contracts with customers in interim financial reports.	Topic 270 Interim Reporting requires a public entity to disclose disaggregated revenue information in interim financial statements. Topic 270 also requires that information about contract balances and remaining performance obligations be disclosed on an interim basis.
3. Reversal of previously impaired assets arising from costs to obtain or fulfil a contract.	IFRS 15 requires an entity to reverse impairment losses when the impairment conditions cease to exist, which is consistent with the requirements for the impairment of assets within the scope of IAS 36 <i>Impairment of Assets</i> .	Topic 340 Other Assets and Deferred Costs does not allow an entity to reverse an impairment on an asset that is recognized in accordance with the guidance on costs to obtain or fulfil a contract in Subtopic 340-40 Contracts with Customers.

Topic	IFRS 15	Topic 606
4. Non-public entity requirements.	<p>There are no specific requirements included in IFRS 15 for non-public entities. In May 2024, the IASB issued IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>, which permits reduced disclosures for certain qualifying entities. In its Second Comprehensive Review of the IFRS for SMEs Accounting Standard, the IASB proposes to revise Section 23 <i>Revenue</i> of the <i>IFRS for SMEs Accounting Standard</i> to align it with IFRS 15.³</p>	<p>Topic 606 applies to nonpublic entities and includes some specific relief for nonpublic entities relating to disclosures.</p>

³ The IASB develops and issues a separate *International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)* intended to apply to the general purpose financial statements of entities that in many countries are referred to by a variety of terms, including small and medium-sized entities (SMEs), private entities and non-publicly accountable entities. The *IFRS for SMEs* is based on full IFRS Accounting Standards with modifications to reflect the needs of users of SMEs' financial statements and cost-benefit considerations.

Topic	IFRS 15	Topic 606
<p><i>Differences between IFRS 15 and Topic 606 that arose after the standards were issued in 2014 [The differences were a result of standard-setting activities after 2014 by the IASB or the FASB. See Clarifications to IFRS 15 for the details related to IFRS 15 and Agenda Paper 6B for the details related to Topic 606]:</i></p>		
<p>5. Revenue recognition for contracts that do not meet the Step 1 (identifying a contract) criteria.</p>	<p>Paragraph 15 of IFRS 15 continues to specify two events in which an entity recognizes consideration as revenue if a contract with a customer does not meet the criteria in paragraph 9 and an entity receives consideration from the customer. The IASB did not add the third event (see paragraphs BC46A and BC46F–BC46H of the Basis for Conclusions on IFRS 15).</p>	<p>Update 2016-12⁴ amended Topic 606 to require an entity to recognize revenue for contracts that do not meet the Step 1 criteria in the amount of consideration received when the entity has transferred control of the goods or services, the entity has stopped transferring goods or services (if applicable) and has no obligation under the contract to transfer additional goods or services, and the</p>

⁴ Accounting Standards Update No. 2016-12 *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*

Topic	IFRS 15	Topic 606
		consideration received from the customer is nonrefundable.
6. Promised goods and services that are immaterial.	IFRS 15 does not contain specific references to materiality in the guidance on identifying performance obligations. Materiality is an overarching concept in IFRS Accounting Standards.	Update 2016-10 ⁵ amended Topic 606 to allow entities not to assess whether promised goods or services are performance obligations if they are immaterial in the context of the contract with the customer unless they relate to a customer option to acquire additional goods or services that provides the customer with a material right.
7. Shipping and handling activities.	IFRS 15 contains general guidance for assessing whether various promises in a contract represent performance obligations.	Update 2016-10 amended Topic 606 to permit an entity, as an accounting policy election, to account for shipping and handling activities that occur after

⁵ Accounting Standards Update No. 2016-10 *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*

Topic	IFRS 15	Topic 606
		the customer has obtained control of a good as an activity to fulfill the promise to transfer the good rather than as an additional promised service.
8. Accounting for sales taxes (as a reduction of revenue versus as an expense).	IFRS 15 excludes from the determination of the transaction price amounts collected on behalf of third parties, such as some sales taxes.	Update 2016-12 amended Topic 606 to permit an entity, as an accounting policy election, to exclude from the transaction price the sales (and other similar) taxes collected from customers.
9. Measurement date for non-cash consideration and the applicability of variable consideration guidance.	IFRS 15 does not specify the measurement date for non-cash consideration or restrict the variable consideration guidance only to variability resulting from reasons other than the form of the consideration.	Update 2016-12 amended Topic 606 to specify that the measurement date for noncash consideration is contract inception and that the variable consideration guidance applies only to variability resulting from reasons other than the form of the noncash consideration.

Topic	IFRS 15	Topic 606
10. Collectability criterion—additional guidance and illustrations.	Paragraph 9(e) of IFRS 15 specifies that an entity should assess only the consideration to which it will be entitled in exchange for the goods or services that will be transferred to a customer. The IASB did not add further guidance on the application of the collectability threshold (see paragraphs BC46A–BC46E of the Basis for Conclusions on IFRS 15).	Update 2016-12 amended Topic 606 to include additional guidance (including examples) on the application of the collectability threshold.
11. When to consider the nature of an entity’s promise in granting a license.	IFRS 15 requires an entity to apply the general revenue recognition model (paragraphs 31–38 of IFRS 15) to determine whether a performance obligation that contains a license that is not distinct is satisfied at a point in time	Update 2016-10 amended Topic 606 to clarify that an entity considers the nature of its promise in granting a license when applying the general revenue recognition model to a single performance

Topic	IFRS 15	Topic 606
	<p>or over time. In the Basis for Conclusions to IFRS 15 the IASB noted that it did not intend for an entity to disregard the guidance on determining the nature of its promise in granting a license when applying the general revenue recognition model.</p>	<p>obligation that includes a license and other goods or services.</p>
<p>12. Determining the nature of an entity’s promise in granting a license of intellectual property (IP)—a right to use or a right to access.</p>	<p>IFRS 15 sets out the criteria for determining that an entity’s promise in granting a license is a promise to provide a right to access the IP:</p> <ul style="list-style-type: none"> (a) the entity will undertake activities that significantly affect the IP to which the customer has rights; (b) the rights expose the customer to any effects of the entity’s activities; and 	<p>Update 2016-10 amended Topic 606 to introduce the classification of IP as ‘functional’ or ‘symbolic’ based on whether the IP has significant stand-alone functionality.</p>

Topic	IFRS 15	Topic 606
	<p>(c) those activities do not result in a transfer of a good or service to the customer as they occur.</p> <p>An entity’s activities significantly affect the IP when:</p> <p>(a) they are expected to significantly change the form or the functionality of the IP; or</p> <p>(b) the ability of the customer to obtain benefit from the IP is substantially derived from, or dependent upon, those activities—which is less likely if the IP has significant stand-alone functionality.</p>	

Topic	IFRS 15	Topic 606
13. Renewals of licenses of IP.	Paragraph B61 of IFRS 15 states that revenue cannot be recognized for a license that provides a right to use the entity’s IP before the beginning of the period during which the customer is able to use and benefit from the license but it does not explicitly refer to renewals of licenses.	Update 2016-10 amended Topic 606 to specify that revenue for a renewal or extension of a license is recognized at the beginning of the renewal period.
14. Contractual restrictions in a license and the identification of performance obligations.	IFRS 15 provides general requirements for identifying the performance obligations in a contract. Paragraphs B52–B62 specifically clarify how these requirements are to be applied to licenses of IP.	Update 2016-10 amended Topic 606 to clarify that contractual restrictions do not replace the requirement of the entity to identify the number of licenses promised in the contract.

Topic	IFRS 15	Topic 606
15. Practical expedient for private franchisor on pre-opening services.	IFRS 15 does not contain such practical expedient.	Update 2021-02 ⁶ amended Topic 606 to allow franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance.
<p><i>Differences between revenue recognition in IFRS and US GAAP arising from other standards [The differences were a result of standard-setting activities after 2014 by the IASB or the FASB. See Agenda Paper 6B for the details related to Topic 606]:</i></p>		
16. Sale of a subsidiary which is, in substance, not a business, but a group of assets ('corporate wrapper').	Sale of a subsidiary is outside the scope of IFRS 15 and is in scope of the 'loss of control'	Update 2017-05 ⁷ clarified certain aspects of Subtopic 610-20 Gains and Losses from the Derecognition of Nonfinancial Assets, which

⁶ Accounting Standards Update No. 2021-02 *Franchisors—Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient*

⁷ Accounting Standards Update No. 2017-05 *Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets*

Topic	IFRS 15	Topic 606
	requirements in IFRS 10 <i>Consolidated Financial Statements</i> .	governs the accounting requirements of derecognizing of non-financial assets.
17. Determining whether transactions should be accounted for as contributions or as exchange transactions and whether a contribution is condition.	IFRS Accounting Standards are designed to apply to the general purpose financial statements of profit-oriented entities. The IASB has not made any clarifications on distinguishing whether a transaction should be accounted for as a contribution or as an exchange transaction.	Update 2018-08 ⁸ added guidance in Topic 958 Not-for-Profit Entities to assist entities in (a) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (b) determining whether a contribution is conditional.

⁸ Accounting Standards Update No. 2018-08 *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*

Topic	IFRS 15	Topic 606
18. Collaborative arrangements.	The IASB has not made any clarifications on the interaction between IFRS 15 and IFRS 11 <i>Joint Arrangements</i> since IFRS 15 was issued.	Update 2018-18 ⁹ clarified the interaction of the guidance in Topic 808 Collaborative Arrangements and Topic 606.
19. Classification and measurement of share-based consideration payable to a customer.	IFRS 15 does not provide specific requirements on classifying or measuring share-based consideration payable to a customer.	Update 2019-08 ¹⁰ requires an entity to measure and classify share-based payment awards granted to a customer by applying the guidance in Topic 718 Compensation—Stock Compensation.
20. Measuring contract assets acquired and contract liabilities assumed as part of a business combination.	IFRS 3 <i>Business Combinations</i> requires an entity to measure assets acquired and liabilities	Update 2021-08 ¹¹ amended Topic 805 Business Combinations to require an entity to apply Topic 606 to measure contract assets acquired and

⁹ Accounting Standards Update No. 2018-18 *Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606*

¹⁰ Accounting Standards Update No. 2019-08 *Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Codification Improvements—Share-Based Consideration Payable to a Customer*

¹¹ Accounting Standards Update No. 2021-08 *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*

Topic	IFRS 15	Topic 606
	assumed in a business combination at fair values on the date of acquisition.	contract liabilities assumed in a business combination.