New Accounting Standards With Upcoming Effective Dates (for Public and Private Companies)

September 2026

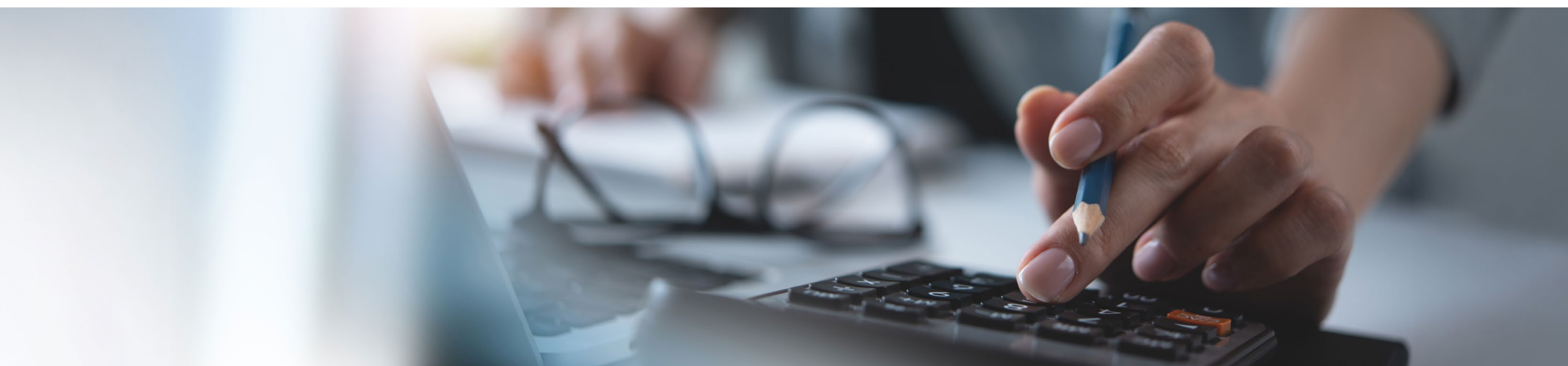
This publication summarizes the Accounting Standards Updates (ASUs) that amend the Accounting Standards Codification (ASC) and are relevant to public and nonpublic entities in advance of the upcoming filing season. For public entities, this publication includes updates with mandatory effective dates in the first-quarter of 2027[1]. For nonpublic entities, it includes updates that take effect in the 2026 annual financial statements. This publication also includes links to BDO's guidance on each pronouncement, as applicable.

Public entities: In the next filing season, calendar year-end public entities will prepare their 2026 annual financial statements, followed closely by their 2027 first-quarter reports. Under SAB 74, entities' 2026 annual filings must include disclosures regarding the expected impact of adopting the FASB's new standards on their financial statements. Entities must consider all ASUs in their SAB 74 disclosures, including those whose mandatory effective dates do not apply until after the first-quarter of 2027. Although ASUs issued after this publication's date are unlikely to affect 2027 first-quarter financial statements, entities must nevertheless consider those standards when preparing SAB 74 disclosures (see the **FASB list of issued ASUs**).

Nonpublic entities: In the next filing season, calendar year-end nonpublic entities will prepare their annual 2026 financial statements, taking care to implement the ASUs that took effect in 2026. Although most of the ASUs address narrow topics and targeted improvements to existing guidance, entities must nevertheless evaluate the impact of adopting the ASUs on their financial statements and related financial statement disclosures.

Early adoption is generally permitted for all standards summarized herein; however, each ASU has specific transition guidance, and early adoption may have been limited to certain periods or circumstances. Please refer to BDO's publications listed below and our overview, **Accounting for Changes and Error Corrections**, for more information.

1 Standards that become effective later but can be early adopted are excluded.



ACCOUNTING STANDARDS UPDATES EFFECTIVE FOR CALENDAR-YEAR PUBLIC ENTITIES AS OF JANUARY 1, 2027

PRONOUNCEMENT	EFFECTIVE DATE	BDO PUBLICATION
ASC 220-40, Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures		
ASU 2024-03, *Disaggregation of Income Statement Expenses, as amended by* ASU 2025-01, *Clarifying the Effective Date*	Effective for annual reporting periods beginning after **December 15, 2026**, and interim reporting periods within those annual reporting periods beginning after **December 15, 2027**.	FASB Finalizes ASU to Disaggregate Income Statement Expenses (DISE)
ASC 326, Financial Instruments — Credit Losses		
ASU 2025-08, *Purchased Loans*	Effective for annual reporting periods beginning after **December 15, 2026**, and interim reporting periods within those annual reporting periods.	Recognition of Credit Losses for Some Purchased Loans
ASC 505, Equity		
ASU 2026-01, *Initial Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock*	Effective for annual reporting periods beginning after **December 15, 2026**, and interim reporting periods within those annual reporting periods.	PIK Dividends on Equity-Classified Preferred Stock are Initially Measured at the Stated Rate Issuer's Accounting for Complex Financial Instruments (Debt & Equity)
ASC 718, Compensation — Stock Compensation and ASC 606, Revenue from Contracts with Customers		
ASU 2025-04, *Clarifications to Share-Based Consideration Payable to a Customer*	Effective for annual reporting periods beginning after **December 15, 2026**, and interim reporting periods within those annual reporting periods.	Share-based Consideration Payable to a Customer Share-based Payments Under ASC 718

PRONOUNCEMENT	EFFECTIVE DATE	BDO PUBLICATION
ASC 805, Business Combinations and ASC 810, Consolidation		
ASU 2025-03, *Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity*	Effective for annual reporting periods beginning after **December 15, 2026**, and interim reporting periods within those annual reporting periods.	FASB Changes Guidance on Determining the Accounting Acquirer of a Variable Interest Entity Business Combinations Under ASC 805 Control and Consolidation Under ASC 810
ASC 815, Derivatives and Hedging		
ASU 2025-09, *Hedge Accounting Improvements*	Effective for annual reporting periods beginning after **December 15, 2026**, and interim reporting periods within those annual reporting periods.	FASB Improves Hedge Accounting
ASC 815, Derivatives and Hedging and ASC 606, Revenue from Contracts with Customers		
ASU 2025-07, *Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract*	Effective for annual reporting periods beginning after **December 15, 2026**, and interim reporting periods within those annual reporting periods.	Derivatives Scope Refinements and Scope Clarification for a Share-Based Noncash Consideration Revenue Recognition Under ASC 606
Multiple Topics		
ASU 2025-12, *Codification Improvements*	Effective for annual reporting periods beginning after **December 15, 2026**, and interim reporting periods within those annual reporting periods.	FASB Issues ASU 2025-12, Codification Improvements

ACCOUNTING STANDARDS UPDATES EFFECTIVE FOR CALENDAR-YEAR NONPUBLIC ENTITIES AS OF JANUARY 1, 2026

PRONOUNCEMENT	EFFECTIVE DATE	BDO PUBLICATION
ASC 326, Financial Instruments — Credit Losses		
ASU 2025-05, *Measurement of Credit Losses for Accounts Receivable and Contract Assets*	Effective for annual reporting periods beginning after **December 15, 2025**, and interim reporting periods within those annual reporting periods.	Measurement of Credit Losses for Accounts Receivable and Contract Assets CECL: The Current Expected Credit Loss Model Under ASC 326
ASC 470-20, Debt — Debt with Conversion and Other Options		
ASU 2024-04, *Induced Conversions of Convertible Debt Instruments*	Effective for annual reporting periods beginning after **December 15, 2025**, and interim reporting periods within those annual reporting periods.	Induced Conversions of Convertible Debt Instruments Issuer's Accounting for Complex Financial Instruments (Debt & Equity)
ASC 718, Compensation — Stock Compensation		
ASU 2024-01, *Scope Application of Profits Interest and Similar Awards*	Effective for annual reporting periods beginning after **December 15, 2025**, and interim reporting periods within those annual reporting periods.	FASB Clarifies Scope Application of Profits Interest and Similar Awards Share-based Payments Under ASC 718
ASC 740, Income Taxes		
ASU 2023-09, *Improvements to Income Tax Disclosures*	Effective for annual reporting periods beginning after **December 15, 2025**.	BDO Knows ASC 740: New Income Tax Disclosures (ASU 2023-09)
ASC 944, Financial Services — Insurance		
ASU 2020-11, Effective date and early application to ASU 2018-12, *Targeted Improvements to the Accounting for Long-Duration Contracts*	Effective for annual reporting periods beginning after **December 15, 2024**, and interim reporting periods within annual reporting periods beginning after **December 15, 2025**.	FASB Improves Accounting for Long-Duration Insurance Contracts

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The experienced professionals in BDO's Accounting Advisory practice can help navigate the complexities of applying U.S. GAAP and adopting new accounting guidance.

HAVE QUESTIONS OR WANT TO LEARN MORE? CONTACT US!