

## STAFF PAPER

March 2015

Project	Revenue from Contracts with Customers		
Paper topic	Cover paper—issues emerging from TRG discussions		
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## Overview of Agenda Papers

1. This paper accompanies the agenda papers described below. Each of the papers considers issues relating to IFRS 15 *Revenue from Contracts with Customers* and Topic 606 *Revenue from Contracts with Customers* (together the ‘new revenue Standard’) emerging from the discussions of the IASB|FASB joint Revenue Transition Resource Group (TRG).

### *Joint IASB-FASB papers*

- (a) *Practical expedients upon transition—contract modifications and completed contracts* (Agenda Paper 7A/FASB Memo No.1), which discusses issues related to:
  - (i) evaluation of contract modifications that occur prior to the date of initially applying the new revenue Standard; and
  - (ii) application of the new revenue Standard to contracts completed prior to the earliest period presented under the full retrospective transition approach.
- (b) *Sales tax presentation: Gross versus net* (Agenda paper 7B/FASB Memo No.1), which discusses issues related to the requirement to assess whether a sales tax is collected on behalf of the tax collection authorities.

***IASB Agenda Papers***

(c) *Non-cash consideration—issues emerging from TRG discussions*

(Agenda paper 7C), which considers the following issues:

- (i) Issue 1: Measurement date for determining the fair value of non-cash consideration; and
- (ii) Issue 2: Application of the constraint on variable consideration to changes in the fair value of the non-cash consideration.

In addition, IASB members have been provided with FASB Memo No.1, *Determining the Measurement Date for Noncash Consideration*, which should be read in conjunction with Agenda Paper 7C.

(d) *Collectability considerations—issues emerging from TRG discussions*

(Agenda paper 7D), which discusses the following issues:

- (i) the application of the collectability criterion in Step 1 of the new revenue Standard; and
- (ii) the requirements for when a contract does not meet that collectability criterion.

In addition, IASB members have been provided with FASB Memo No.1, *Collectability: Accounting for Cash Received*, which should be read in conjunction with Agenda Paper 7D.

(e) *Principal versus agent considerations—issues emerging from TRG discussions* (Agenda paper 7E), which discusses the following issues:

- (i) Issue 1: Implementation questions about the principal versus agent guidance in the new revenue Standard; and
- (ii) Issue 2: Estimating the gross revenue if the entity is the principal but is unaware of amounts being charged directly by an intermediary to the transaction.

In addition, IASB members have been provided with FASB Memo No.1, *Gross Versus Net Revenue Reporting: Research Update*, which should be read in conjunction with Agenda Paper 7E.

2. The issues discussed in the above agenda papers and the FASB memos will be discussed by the IASB and FASB at their March 2015 joint meeting.
3. As a reminder, [Agenda paper 7A](#) of the February 2015 meeting of the IASB provides some context for considering the issues in this month's agenda papers. These agenda papers explain the specific issues that were highlighted during the TRG discussions so that the IASB can decide what, if any, action it would like to take at this stage to address those issues.