



# Goodwill

## FASB—IASB Education Meeting

June 5, 2026

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# Overview

## Background

- In January 2025, the Board issued an Invitation to Comment, *Agenda Consultation (2025 ITC)*, that gave stakeholders the opportunity to provide feedback on its future standard-setting agenda. The Board included the following question in its 2025 ITC on goodwill:

The FASB has previously encountered challenges in identifying improvements to the subsequent accounting for goodwill that are cost-beneficial. If the FASB were to pursue a project on the subsequent accounting for goodwill, what improvements should be considered? Please provide specifics on how those improvements would be more cost-beneficial than the current impairment model.

## Agenda Consultation Feedback

- Thirty-one respondents provided feedback on the accounting for goodwill. Comment letter respondents provided mixed views on (a) whether the Board should undertake standard-setting efforts in this area and (b) how the issues should be resolved.

# Agenda Consultation Feedback Summary

- Stakeholders that identified goodwill as a low priority cited the following reasons:
  - The Board may experience the same challenges as it did during the goodwill project that it removed from its technical agenda in June 2022.
  - Performing goodwill valuations will become more cost effective through the continued development of artificial intelligence valuation models.
  - The current accounting is operating as intended. There is no significant diversity in practice or there are no significant challenges in applying the guidance.
  - Different accounting requirements, such as amortization or immediate expense of goodwill, would (a) be inappropriate because goodwill is not a wasting asset, (b) lead to additional non-GAAP disclosures, (c) create comparability issues, (d) distort effective tax rates, (e) be inconsistent with the measurement of other assets, and (f) cause divergence from IFRS Accounting Standards.

# Agenda Consultation Feedback Summary (cont.)

- Stakeholders that identified goodwill as a top priority stated the following reasons:
  - There are operational complexities and costs for preparers related to (a) the allocation of goodwill and impairment testing at the reporting unit level and (b) impairment testing when there are no indicators.
  - The current accounting does not provide users with decision-useful information because impairments are rare and lenders ignore goodwill in lending decisions since it is not highly liquid.
  - The current accounting does not reflect the underlying economic value of goodwill over time because (a) it becomes difficult to distinguish the value initially attributed to goodwill from returns generated through organic development or other acquisitions, (b) goodwill decreases in value as business strategies change, and (c) goodwill is a wasting asset and it is not accounted for as such.

# Agenda Consultation Feedback Summary (cont.)

- Stakeholders provided various solutions to simplify the guidance, reduce costs for preparers, and provide investors with more decision-useful information, such as the following:
  - **Require or permit amortization of goodwill.** Stakeholders provided mixed feedback about whether (a) amortization should be required, (b) a specific amortization period should be required, and (c) impairment testing should continue to be required.
  - **Extend the accounting alternative for all companies.** Several stakeholders suggested aligning the guidance for all companies with the goodwill amortization guidance currently available to private companies and NFPs under the accounting alternative in Subtopic 350-20, Intangibles—Goodwill and Other—Goodwill.
  - **Immediately expense goodwill.** A few stakeholders suggested that the Board allow entities to immediately expense or reduce equity for goodwill at acquisition.

# Agenda Consultation Feedback Summary (cont.)

- Stakeholders provided various solutions to simplify the guidance:
- **Change impairment testing requirements.** For example, (a) allow goodwill to be tested at the operating segment or reporting entity level, (b) reduce the testing frequency, or (c) require impairment testing only upon a triggering event without requiring qualitative considerations.
  - **Improve disclosures.** A few stakeholders stated that even if the Board decides not to change the current accounting model, enhanced disclosures are needed about (a) business combinations, including the nature of the acquired goodwill and (b) impairments. Another stakeholder noted that disclosures may be necessary if the current guidance is changed.
  - **Monitor the IASB's project on Business Combinations—Disclosures, Goodwill and Impairment.** A few stakeholders noted that similar disclosures may be beneficial under GAAP.

# Next Steps

- The Board discussed feedback received in response to the 2025 ITC. The Board directed the staff to perform additional research with the objective of simplifying the subsequent accounting for goodwill by (a) requiring impairment testing only upon a triggering event and (b) allowing goodwill to be tested for impairment at the operating segment level.
- The additional research will be discussed with the Board at a later date.

# Thank You