

# Legislative Alert

## FASB Proposed Update: Disclosures about Government Assistance

Atlas Insight assists companies from all industry sectors and geographies to negotiate and secure tax credits and incentives for business investment and job creation/retention.

The professionals at Atlas Insight are industry leaders in the field of corporate site selection and incentive procurement.

We help to choose locations for all types of business facilities that meet the long-term needs of those operations, while helping to achieve overall corporate goals.

Our team has extensive experience in all corporate sectors and has consulted on many sensitive projects for some of the world's largest corporations. We strive for excellence with every client.

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### ***FASB Update: Disclosures about Government Assistance***

#### **Summary of Proposed Update**

On November 12<sup>th</sup>, the Financial Accounting Standards Board (FASB) issued a proposed update, Topic 832, to the Generally Accepted Accounting Principles (GAAP) which would require disclosures in annual financial statements about government assistance received by businesses:

*"The FASB is issuing this proposed update to increase transparency about government assistance arrangements including (1) the types of arrangements, (2) the accounting for government assistance, and (3) their effect on an entity's financial statements."*

#### **The Proposed Disclosures**

1. Information about the nature of the assistance and accounting method used to account for assistance.
2. Impact of assistance on balance sheet and income statement line items.
3. Significant terms including commitments, contingencies, and risks.
4. Detail on in-kind and other soft forms of assistance otherwise not recognized directly in the financial statements, to the extent reasonably possible.

#### **Other Details**

- The rules would apply to existing as well as new incentives.
- If adopted, we expect the changes to be reflected in a 2016 Accounting Standards Update, with applicability to 2017 annual reports.
- The sister body to the FASB which oversees the GAAP for governmental entities – the GASB – enacted similar changes in 2015 with Statement No. 77.

#### **Recommended Action**

Compliance with Topic 832 will require that companies have a comprehensive system in place to track the relevant incentive data which will ultimately be incorporated into the disclosure statement.

**Should the Topic be adopted, Atlas Insight can help to ensure that your company will be in full compliance.** Our dedicated Incentive Compliance Practice assists companies with the often complex and nuanced administration requirements associated with many incentive programs. In addition to managing risk and ensuring maximum receipt of benefit, we place a high priority on providing our clients with an holistic understanding of their active incentive programs. To this end, Atlas Insight's **AtlasView**, our web-based Incentive Management Portal, provides our clients with real time access to all of their incentive information, including all of the information covered by Topic 832.

More information on **AtlasView** may be found here: <http://atlasinsight.com>

