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New Revenue Recognition Guidance - Sooner or Later?

[AUDIT, CONSTRUCTION](#)
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With the origin of the proposed revenue recognition standard *Revenue from Contracts with Customers* dating back to 2002 (with significant deliberations occurring for most of the past five years), the much-anticipated release of the final standard is now finally in sight. But when will it be effective?

While the final revenue standard is currently being composed, and is expected to be released in the second quarter of 2013, it will only be effective for annual reporting periods beginning on or after January 1, 2017 (January 1, 2018 for non-public entities). In addition, early application is prohibited. Of course, these dates are tentative until the final standard is actually issued.

The period of time from the expected issuance of the standard until its effective date is much longer than is typically the case. The unusual length of time (more than three years for public entities) is considered by many to be appropriate due to the unique attributes of the project, including the wide array of entities that will be affected and the potentially significant effects that the change in revenue recognition will have on other financial statement line items.

While 2017 or 2018 may seem like a long time from now, companies need at least three years to prepare their accounting and information systems and processes to capture the information necessary to comply with the new revenue recognition guidance, not to mention educate their personnel.

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