

Financial reporting briefs

What you need to know about this quarter's accounting, financial reporting and other developments

March 2026

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Accounting update

Welcome to the March 2026 Financial reporting briefs. This edition highlights the latest developments in financial reporting and alerts you to some important considerations for 2026.

In our Accounting update section, we discuss the latest developments on tariffs and upcoming FASB standard setting, among other topics.

In our Regulatory developments section, we provide updates on SEC and other developments.

Need more information? Check out our Reference library, where we provide links to our recent publications on the topics discussed here.

Customs and Border Protection provides initial plan for tariff refunds

Customs and Border Protection (CBP) on 6 March 2026 outlined its plans to establish a system for tariff refunds in 45 days following an order by the Court of International Trade (CIT) on 4 March 2026 for CBP to progress with the tariff refund process. CBP said it would work on a streamlined system to process the refunds after noting it was operationally infeasible for the agency to manually process millions of individual refund requests.

The CIT noted in its order that “all importers of record whose entries were subject to IEEPA duties are entitled to the benefit of” the Supreme Court’s 20 February 2026 ruling that tariffs imposed by President Donald Trump in April 2025 under the International Emergency Economic Powers Act (IEEPA) are unlawful.

While the CIT order and CBP’s response provide additional information on eligibility and potential refund processes, uncertainty continues to exist. Companies will need to closely monitor developments and evaluate any impact of these developments on their financial statements.

FAF seeks nominations for FASB chair and member, GASB chair and FAF trustee positions

The Financial Accounting Foundation (FAF) Board of Trustees is seeking nominations for the Financial Accounting Standards Board (FASB or Board) chairperson, Governmental Accounting Standards Board (GASB) chairperson, a FASB Board member, and both governmental and at-large FAF trustees.

FASB Chairman Richard Jones will conclude his term on 30 June 2027. The FASB chairperson appointment would be a single seven-year term effective from 1 July 2027 to 30 June 2034.

Upcoming FASB standard setting

The FASB is expected to issue a final Accounting Standards Update (ASU) establishing guidance for the recognition, measurement, presentation and disclosure of environmental credits and environmental credit obligations. The Board is also expected to issue a final ASU requiring entities to initially measure paid-in-kind (PIK) dividends on equity-classified preferred stock using the PIK dividend rate stated in the preferred stock agreement.

Additionally, the FASB is expected to issue a final ASU requiring entities to account for certain exchanges of debt instruments as the extinguishment of the existing debt obligation and the issuance of new debt when certain conditions are met. The Board also directed the staff to draft a proposed ASU on the application of Accounting Standards Codification (ASC) 715, *Compensation – Retirement Benefits*, to market-return cash balance plans.

The Board discussed feedback received in response to the 2025 Invitation to Comment (ITC), *Agenda Consultation*, and added projects to its technical agenda on the definition of common control and accounting for commodities. The FASB also added a short-term project to its technical agenda on targeted improvements to the accounting for certain hedges of interest rate risk and net foreign investments and directed the staff to draft a proposed ASU.

Additionally, the Board directed the staff to refine the scope of its research project on consolidation for business entities. Mr. Jones said the Board’s goal is to present all feedback on the ITC for consideration by the end of this summer.



Regulatory developments

SEC Chairman Atkins directs DCF to review Regulation S-K

Securities and Exchange Commission (SEC or Commission) Chairman Paul Atkins said he directed the Division of Corporation Finance (DCF) to conduct a comprehensive review of Regulation S-K, the main source of disclosure requirements for the non-financial statement portions of many SEC forms.

Mr. Atkins said that, in addition to material information, Regulation S-K currently requires disclosure of significant amounts of information that a reasonable investor would not consider important in making an investment or voting decision.

Mr. Atkins said the goal of any revisions to Regulation S-K would be to focus on eliciting disclosure of material information and avoiding requiring disclosure of immaterial information. Mr. Atkins said he encourages the public to submit comments on how the Commission can amend Regulation S-K.

DCF Director discusses quarterly reporting, crypto rulemaking activities

DCF Director James Moloney said the SEC is considering formal rulemaking to end required quarterly reporting and other rule changes to facilitate a transition to semiannual reporting.

Mr. Moloney said DCF expects to provide recommendations to the Commission as part of Project Crypto that would be implemented through interpretive guidance establishing a taxonomy for crypto assets and a framework for determining when they are subject to an investment contract. Additionally, Mr. Moloney said DCF is developing a proposal to provide a rational regulatory structure for offers and sales of crypto assets subject to an investment contract. The objective of these activities is to clarify which crypto assets should be deemed securities and when they are subject to SEC regulation.

SEC Commissioner Caroline Crenshaw departs

SEC Commissioner Caroline Crenshaw left the Commission in January 2026 as her term expired. Ms. Crenshaw had served on the Commission since August 2020. The SEC is structured to have five Commissioners, including the chairman, who are appointed by the President with the advice and consent of the Senate. These seats are currently filled by Hester Peirce, Mark Uyeda and Mr. Atkins, all Republicans.

SEC rules provide that no more than three Commissioners may belong to the same political party. Since the Commission has a quorum, Ms. Crenshaw's departure does not impede its rulemaking activities or other Commission actions.

SEC names PCAOB chairman and Board members

The SEC named Demetrios (Jim) Logothetis, a retired EY partner, as chairman of the Public Company Accounting Oversight Board (PCAOB). The SEC also named Mark Calabria, Kyle Hauptman and Steven Laughton as PCAOB Board members. Mr. Logothetis, Mr. Laughton and Mr. Calabria were sworn in on 10 February. Mr. Hauptman will leave his current role as Chairman of the National Credit Union Administration once his successor is appointed by President Trump and confirmed by the Senate. George Botic, who was the Acting Chairman, will continue serving as a PCAOB Board member.

SEC approves PCAOB's 2026 budget and accounting support fees

The SEC approved the PCAOB's fiscal year 2026 budget of \$362.1 million, down 9.4% from 2025. The SEC also approved annual accounting support fees of \$306 million, of which public company issuers will be assessed \$280.3 million and registered broker-dealers will be assessed \$25.7 million.

Other considerations

Private companies should consider AICPA guide draft updates in valuing certain equity securities

Private companies may want to consider the draft updated guidance in the American Institute of Certified Public Accountants (AICPA) Accounting and Valuation Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, when valuing equity securities issued as compensation. While the guide is not authoritative, the proposed revisions reflect what the AICPA's Equity Securities Task Force views as best practices.

The working draft includes updates to chapter 6, *Valuation of Equity Securities in Complex Capital Structures*, which may have significant implications on valuations for financial reporting purposes. It also includes updates to chapter 8, *Inferring Value from Transactions in a Private Company's Securities*, and chapter 9, *Selected Accounting and Disclosure Matters*, which were previously released for comment in June 2024.

OECD releases a side-by-side package under the Pillar Two GloBE rules

The Organisation for Economic Co-operation and Development (OECD) released a side-by-side arrangement that includes a new side-by-side safe harbor (safe harbor) under the Pillar Two Global Anti-Base Erosion (GloBE) rules. The safe harbor, once enacted into local jurisdictional law, exempts a multinational entity (MNE) from certain Pillar Two taxes, mainly the income inclusion rule and the undertaxed profits rule top-up tax charging provisions, when the ultimate parent entity is located in a jurisdiction that maintains a qualified side-by-side tax regime. However, the MNE would remain subject to the qualified domestic minimum top-up tax charging provision in the jurisdictions in which they maintain constituent entities.

The OECD determines whether a jurisdiction has a qualified side-by-side tax regime based on whether the regime contains minimum tax elements such that it will qualify as a side-by-side comparison to the Pillar Two taxes. Once enacted into local jurisdictional law, the safe harbor is applicable for fiscal years beginning on or after 1 January 2026. The safe harbor does not impact any Pillar Two taxes related to periods before 2026 (e.g., 2025 for calendar year-end companies).

The OECD has determined the US maintains a qualified side-by-side tax regime, and accordingly, once the safe harbor is enacted into local jurisdictional law, it is expected to reduce the amount of Pillar Two taxes that US parent MNEs would otherwise be subject to if the safe harbor was not in place.

For the safe harbor to be recognized within a jurisdiction and an entity's financial statements, there must be enacted tax legislation that recognizes the safe harbor within that particular jurisdiction. Entities should continue to update their estimated annual effective tax rate in each interim reporting period to consider any enacted legislation that occurs in the period.

Reminders on disclosing certain disaggregated income statement expenses

Public business entities (PBEs) are required to disclose, on an annual and interim basis, disaggregated information about certain income statement expense line items for annual periods starting after 15 December 2026, and interim periods within annual reporting periods starting after 15 December 2027. Entities may apply the guidance prospectively or retrospectively. Early adoption is permitted.

PBEs are required to disclose purchases of inventory in the scope of ASC 330, *Inventory*, employee compensation, depreciation, intangible asset amortization and depreciation, amortization and depletion for oil and gas producing activities, and other amounts of depletion for each income statement line item that contains those expenses. Specified expenses, gains or losses that are already disclosed under existing US GAAP and certain cost reimbursements are required to be included in the disaggregated disclosures.

Any remaining amounts necessary to reconcile to income statement line items are disclosed qualitatively. Separate disclosures of total selling expenses and an entity's definition of those expenses are also required.

Summary of open comment periods

	Comment period ends
Comments on potential reforms to Regulation S-K	13 April 2026
Draft chapters of the AICPA's Accounting and Valuation Guide, <i>Valuation of Privately-Held-Company Equity Securities Issued as Compensation</i>	1 June 2026

Reference library

To the Point

- ▶ [Accounting and financial reporting considerations for IEEPA tariffs and potential recoveries](#) (11 March 2026)
- ▶ [CARB approves initial regulation for California climate disclosure laws](#) (4 March 2026)
- ▶ [EPA issues final rule rescinding endangerment finding and vehicle emission standards](#) (3 March 2026)
- ▶ [FASB issues guidance to clarify, correct errors or make improvements to Codification](#) (18 December 2025)

Technical Line

- ▶ [A closer look at the GASB's revised financial reporting model requirements](#) (26 February 2026)
- ▶ [Navigating the requirements for merging with a special purpose acquisition company](#) (20 January 2026)
- ▶ [How the EU's Corporate Sustainability Reporting Directive affects non-EU-based multinationals](#) (14 January 2026)
- ▶ [How certain global sustainability-related reporting requirements may impact multinationals](#) (18 December 2025)

Financial reporting developments

- ▶ [Disaggregation of income statement expenses](#) (18 December 2025)

Other

- ▶ [NAIC Bulletin – Fall 2025 edition](#) (29 January 2026)
- ▶ [An introduction to tokens and tokenization](#) (26 January 2026)
- ▶ [SEC in Focus – January 2026](#) (22 January 2026)
- ▶ [US GAAP versus IFRS Accounting Standards – The basics](#) (21 January 2026)
- ▶ [US GAAP/IFRS Accounting Standards differences identifier tool](#) (21 January 2026)
- ▶ [Effective date matrix as of 31 December 2025](#) (8 January 2026)
- ▶ [Quarterly tax developments – December 2025](#) (8 January 2026)

On-demand webcasts

- ▶ [BEPS 2.0 Pillar Two: the latest OECD releases – first impressions](#) (12 January 2026)
- ▶ [2026 Global Economic Outlook: Navigating a bifurcated landscape](#) (14 January 2026)
- ▶ [2026 Geostrategic Outlook: Navigating new rules for global business](#) (30 January 2026)
- ▶ [Tariffs after IEEPA: the Supreme Court's decision](#) (25 February 2026)
- ▶ [Domestic tax quarterly: a focus on state tax matters](#) (11 March 2026)

Upcoming webcasts

- ▶ [What you need to know for Q1 2026 financial reporting \(Offering – 1 of 2\)](#) (12 March 2026)
- ▶ [Accounting for income taxes: a quarterly perspective](#) (17 March 2026)
- ▶ [What you need to know for Q1 2026 financial reporting \(Offering – 2 of 2\)](#) (24 March 2026)

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