

US Week in Review

Week ending 9 January 2025

The US Week in Review highlights this week's developments and emerging issues in the financial reporting world and gives you direct access to relevant technical accounting guidance and thought leadership produced by EY.

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What's new from EY

Effective date matrix as of 31 December 2024

Quarterly tax developments with related US GAAP implications updated through 31 December 2024

Comment letter to SEC on approval of PCAOB rule on firm reporting

In our comment letter, we request that the SEC disapprove the PCAOB's rule on firm reporting. We express our concerns that the rule would impose increased costs with unclear benefits – that its swift adoption resulted in unnecessary flaws and that the economic analysis was incomplete.

Comment letter to SEC on approval of PCAOB rule on firm and engagement metrics

In our comment letter, we request that the SEC disapprove the PCAOB's rule on firm and engagement metrics. We express our concerns that the rule's swift adoption did not permit adequate study of its unintended consequences. We also highlight the potential disruption to the oversight of public company audits by independent audit committees established under the Sarbanes-Oxley Act, the likely misinterpretation of engagement metrics without appropriate context and an insufficient economic analysis to support the costs and benefits, as a result of the rule.



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Standard Setter updates

Financial Accounting Standards Board (FASB)

FASB clarifies interim effective date for new standard on disaggregation of income statement expenses

The FASB issued Accounting Standards Update 2025-01 to clarify the interim effective date of its new standard requiring public business entities to disclose disaggregated information about certain income statement expense line items. The standard is effective for annual reporting periods beginning after 15 December 2026, and for interim reporting periods within annual reporting periods beginning after 15 December 2027.

FASB to discuss Derivatives scope refinements (Topic 815) and whether to add a project on credit risk transfer transactions at its 15 January meeting

Center for Audit Quality (CAQ)

CAQ publishes highly inflationary economies document noting Egypt, Nigeria, Lao PDR and Malawi now have three year cumulative inflation rates over 100%

The Center for Audit Quality (CAQ) SEC Regulations Committee and its International Practices Task Force (IPTF) discussed recent inflation data for certain countries at its November 2024 meeting and subsequently issued a [discussion document](#) in December describing that Egypt, Nigeria, Lao People's Democratic Republic (PDR) and Malawi now have a three-year cumulative inflation rate exceeding 100%.

In our [US Week in Review of 21 November 2024](#), we noted that based on data published by the governments of Nigeria and Egypt, the cumulative three-year inflation rate of each country exceeded 100% as of 31 August and 30 September, respectively.

Accounting Standards Codification 830, *Foreign Currency Matters*, requires a foreign entity in a highly inflationary economy to remeasure its financial statements using its parent's reporting currency, as of the beginning of the reporting period, including interim reporting periods, following the period in which the economy becomes highly inflationary. An economy is considered highly inflationary when it has a cumulative inflation rate of approximately 100% or more over a three-year period.

Given global inflation trends, entities with foreign operations should continue monitoring inflation in countries in which they operate that have high levels of inflation.

Upcoming webcasts

Information regarding upcoming events can be found on the [EY webcasts site](#).

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