THE POWER OF BEING UNDERSTOOD

U.S. GAAP VS. IFRS: INTERIM REPORTING AT-A-GLANCE

Increasing globalization coupled with related regulations continues to put pressure on moving towards a common global accounting framework — International Financial Reporting Standards (IFRS). Currently, more than 100 countries use IFRS, so if your business goals include global expansion, it is critical to educate yourself about the impact of IFRS on your financial reporting processes and business now. To gain a better understanding of what IFRS means for your organization, we have prepared a series of comparisons dedicated to highlighting significant differences between IFRS and U.S. generally accepted accounting principles (GAAP). This particular comparison focuses on the significant differences between U.S. GAAP and IFRS related to interim reporting. For other comparisons available in this series, refer to our U.S. GAAP vs. IFRS comparisons at-a-glance series.

A discussion about U.S. GAAP and IFRS would not be complete without mentioning the status of the Securities and Exchange Commission's (SEC) activities focused on determining whether the application of IFRS by U.S. registrants should be required or allowed. While the SEC has not made any final decisions with respect to use of IFRS by U.S. registrants, its activities are ongoing. For more information, refer to our IFRS Resource Center.

The guidance related to interim reporting in U.S. GAAP is included in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 270, *Interim Reporting*. In IFRS, the guidance related to interim reporting is contained in International Accounting Standard (IAS) 34, *Interim Financial Reporting.*

Some similarities exist between U.S. GAAP and IFRS related to interim reporting. For example, both permit condensed interim financial statements to be presented, along with reduced disclosure requirements. Additionally, it should be noted that neither U.S. GAAP nor IFRS requires an entity to present interim financial information. However, presentation of interim financial information is required by various securities regulators. Another similarity between U.S. GAAP and IFRS is that they both calculate income taxes using an estimated annual effective tax rate.

While there are some similarities related to interim reporting under U.S. GAAP and IFRS, there are also some significant differences, which are summarized in the following table.

	U.S. GAAP	IFRS
Relevant guidance	ASC 270	IAS 34
Allocation of costs in interim periods	Interim periods are viewed as integral parts of an annual reporting period. Certain costs that benefit more than one period may be allocated among those periods.	With the exception of income taxes, each interim period is considered a discrete reporting period, rather than an integral part of an annual reporting period. If a cost benefits more than one period, that cost must meet the definition of an asset at the end of an interim period to be deferred. In addition, a liability for accrued expenses must represent an existing obligation at the end of an interim period.

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	U.S. GAAP	IFRS
Interim tax provisions	In general, the annual worldwide tax rate is used to record interim tax provisions.	A separate effective tax rate is used for each jurisdiction and applied individually to each jurisdiction's interim period results.

These are the significant differences between U.S. GAAP and IFRS related to interim reporting. Refer to ASC 270 and IAS 34 for all of the specific requirements applicable to interim reporting. Refer to our U.S. GAAP vs. IFRS comparisons at-a-glance series for more comparisons highlighting other significant differences between U.S. GAAP and IFRS.

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