SEC Memorandum Circular No. 8
Series of 2021

SUBJECT : AMENDMENT TO SEC MEMORANDUM CIRCULARS NO. 14, SERIES OF 2018, NO. 3, SERIES OF 2019, NO. 4, SERIES OF 2020 and NO. 34, SERIES OF 2020 TO CLARIFY TRANSITORY PROVISION

The Commission on various dates issued the following Memorandum Circulars (MCs) relative to pronouncements issued by the Philippine Interpretations Committee (PIC) and International Financial Reporting Interpretations Committee (IFRIC) on the implementation of Philippine Financial Reporting Standards 15, Revenue from Contracts with Customers:

Memorandum Circular	Rule/Guideline	Date Issued
SEC MC No. 14, Series of 2018	Deferral of the application of the provisions of PIC Q&A No. 2018-12 with respect to the accounting for significant financing component, and the treatment of uninstalled materials and land in the calculation of the percentage of completion (POC) for a period of three (3) years.	29 October 2018
SEC MC No. 3, Series of 2019	Deferral of PIC Q&A 2018-12(H) on Accounting for Common Usage Service Area (CUSA) Charges and PIC Q&A 2018-14 on Accounting for Cancellation of Real Estate Sales until December 31, 2020.	08 February 2019
SEC MC No. 4, Series of 2020	Deferral of the Implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods [Philippine Accounting Standards (PAS) 23-Borrowing Cost] for the Real Estate Industry until December 31, 2020.	21 February 2020
SEC MC No. 34, Series of 2020	Deferral of PIC Q&A 2018-12 and IFRIC Agenda Decision On Over Time Transfer of Constructed Goods (PAS 23- Borrowing Cost) for the Real Estate Industry for Another Period of Three (3) Years or Until 2023.	17 December 2020

The aforesaid MCs, except SEC MC NO. 34, Series of 2020, contain a transitional provision which states that effective January 1, 2021, real estate companies will adopt the above PIC's Questions and Answers/IFRIC Agenda Decision and any subsequent amendments thereof retrospectively or as the SEC will later prescribe. On the other hand, SEC MC No. 34, Series of 2020 further

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extended the deferral of application of the provisions of PIC Q&A No. 2018-12 with respect to the accounting for significant financing component and the exclusion of land in the calculation of percentage of completion and IFRIC Agenda Decision on Overtime Transfers of Constructed Goods under PAS 23-Borrowing Cost, for another three (3) years or until 2023.

To assist real estate companies to finally adopt the said PIC and IFRIC pronouncements and enable them to fully comply with PFRS 15 and revert to full PFRS, the Commission *en banc*, in its meeting held on July 8, 2021, approved the amendment to the transitional provisions in the above MCs which would provide real estate companies the accounting policy option of applying either the full retrospective approach or modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncements.

The Commission *en banc,* in the same meeting, likewise approved that the policy option be available to entities that cease availing of the above SEC financial reporting reliefs whether in full or in part.

Issued this 8 July 2021 at Pasay City, Philippines.

For the Commission:

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Chairman