

US GAAP v IFRS

A company can follow both US GAAP and IFRS, but it depends on its circumstances and reporting requirements. Here's how it works:

Dual Reporting Scenarios

Companies may choose or be required to follow both standards in these situations:

Multinational Operations: A company operating in both the US and countries that require IFRS may prepare financial statements under both frameworks to meet local and international regulatory requirements.

Foreign Subsidiaries: US-based companies with subsidiaries in IFRS jurisdictions often prepare consolidated financials under US GAAP and separate financials under IFRS for local compliance.

Dual Listings: Companies listed on both US and international stock exchanges may need to report under both standards to satisfy each exchange's requirements.

Regulatory Constraints

US Public Companies: The SEC requires domestic public companies to use US GAAP. IFRS is not permitted for primary filings by US domestic issuers.

Foreign Companies in the US: Foreign private issuers listed in the US may use IFRS as issued by the IASB instead of US GAAP.

Practical Considerations

Complexity: Maintaining dual reporting is resource-intensive. It requires reconciling differences in recognition, measurement, and disclosure.

Software & Systems: Companies often need robust accounting systems and controls to manage both frameworks.

Audit & Compliance: Dual reporting may require separate audits or reconciliations, increasing compliance costs.

So while it's possible—and sometimes necessary—it's not always practical unless there's a compelling business or regulatory reason.