

PSAB

At a Glance

PSG 8 - Purchased Intangibles

PSG-8 - Purchased Intangibles

Effective Date
Fiscal years beginning on or after April 1, 2023¹

Purchased Intangibles	Scope
<ul style="list-style-type: none"> Purchased intangibles are identifiable non-monetary economic resources without physical substance acquired through an arm's length exchange transaction between knowledgeable, willing parties who are under no compulsion to act. Intangibles acquired through a transfer (refer to paragraph .04 of Section PS 3410, <i>Government Transfers</i>), contribution or inter-entity transaction (refer to paragraph .04(g) of Section PS 3420, <i>Inter-entity Transactions</i>), are not purchased intangibles. 	<p>This public sector guideline applies to purchased intangibles, except for the following:</p> <ul style="list-style-type: none"> Software is accounted for in accordance with Section PS 3150, <i>Tangible Capital Assets</i>; Intangibles acquired as part of a public private partnership arrangement are purchased intangibles and are accounted for in accordance with Section PS 3160, <i>Public Private Partnerships</i>¹. Purchase premiums arising on acquisition of a government organization are accounted for in accordance with; <ul style="list-style-type: none"> Section PS 2510, <i>Additional Areas of Consolidation</i>, when the entity acquired is a governmental unit; and Section PS 3070, <i>Investments in Government Business Enterprises</i>, when the entity acquired is a government business enterprise. Government not-for-profit organizations using the PS 4200 series of standards, account for purchased intangibles in accordance with Section PS 4230, <i>Capital Assets Held by Not-for-Profit Organizations</i>.
Accounting for Purchased Intangibles	
<ul style="list-style-type: none"> Recognition <ul style="list-style-type: none"> Purchased intangibles are recognized as assets in the financial statements when they meet the definition of an asset and the general recognition criteria in Section PS 1000, <i>Financial Statement Concepts</i>. Section PS 3210, <i>Assets</i>² provides guidance on applying the asset definition. Accounting for the asset <ul style="list-style-type: none"> PSG-8 is not a full Handbook Section that provides in depth guidance on the accounting for purchased intangibles. As a result, purchased intangibles are accounted for in a similar manner as other items not specifically addressed in the PSAS Handbook. Therefore an entity would consider the following guidance when determining how to account for purchased intangibles: <ul style="list-style-type: none"> The definition of an asset in Section PS 1000; The guidance elaborating on the asset definition in Section PS 3210, <i>Assets</i>; The recognition, measurement and disclosure concepts in Section PS 1000; and The GAAP hierarchy in Section PS 1150, <i>Generally Accepted Accounting Principles</i>. Classification <ul style="list-style-type: none"> Purchased intangibles are classified as non-financial assets. 	

¹ Earlier adoption is encouraged. This standard may be applied retroactively or prospectively in accordance with the requirements of paragraph .13 in Section PS 2120, *Accounting Changes*. See also our publication PSAB At a Glance: Section PS 3160 - *Public Private Partnerships*.

² Earlier adoption is encouraged. This standard may be applied retroactively or prospectively in accordance with the requirements of paragraph .13 in Section PS 2120, *Accounting Changes*. See also our publication PSAB At a Glance: Section PS 3210 - *Assets*.

About BDO

BDO Canada LLP is a leading provider of professional services to clients across a variety of sectors and segments. For over 100 years, our team has served communities across Canada through a comprehensive range of assurance, tax, and consulting services, complemented by deep industry knowledge. With over 5000 people across 100 offices in Canada, and more than 1,800 offices in 164 countries, BDO is well-positioned to assist clients with both domestic and global needs.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO member Firms.

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO Canada LLP to discuss these matters in the context of your particular circumstances.

BDO Canada LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it. BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.

