



EU Data Act: SaaS Accounting Awareness Brief

The EU Data Act, effective September 2025, is a significant regulatory change that may impact how cloud services and software providers recognize revenue and manage contracts. Its primary goals are to enhance data portability, interoperability, and user rights, while reducing vendor lock-in and increasing competition. The Act applies broadly — including to non-EU entities with EU customers — and introduces the need to consider possible contract structures changes, revenue recognition changes, and data compliance obligations.

WHY IT MATTERS

Revenue Recognition: The Act allows customers to terminate contracts with short notice when these terms are deemed unfair under this Act. This can disrupt traditional multi-year revenue recognition models. Accountants may need to reassess how and when revenue is recognized, especially for upfront payments, discounts, and early termination fees.

Contract Review: Existing agreements should be evaluated for compliance. Terms around termination, penalties, and data portability may need updating to align with both the Act and accounting standards.

Data Access and Portability: Cross functional teams including legal, financial, and operational colleagues to evaluate if changes are needed to meet its data portability, interoperability, and user rights requirements.

WHAT YOU SHOULD DO

Assess Your Exposure: If your organization provides cloud or data services in the EU, review your contracts and revenue recognition practices.

Update Processes: Make sure your accounting policies and disclosures reflect the new risks and requirements.

Seek Guidance: If you're unsure how these changes affect your business, consult with accounting and legal experts to ensure compliance and minimize risk.

BOTTOM LINE

The EU Data Act could have real implications for revenue recognition and contract management. If these issues apply to your organization, it's important to seek additional guidance to stay compliant and avoid surprises. **BDO's Accounting Advisory practice can help evaluate the accounting impact of new regulations.**