

September 10, 2018

Ms. Susan M. Cospers
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

By e-mail: director@fasb.org

Re: Proposed Accounting Standards Update—*Leases (Topic 842): Narrow-Scope Improvements for Lessors*

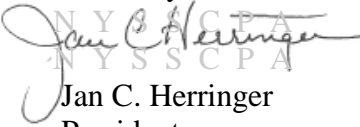
(File Reference No. 2018-260)

Dear Ms. Cospers:

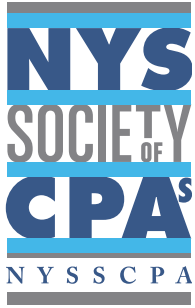
The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 26,000 CPAs in public practice, business, government and education, welcomes the opportunity to comment on the above-captioned exposure draft.

The NYSSCPA's Financial Accounting Standards Committee deliberated the proposed accounting standards update and prepared the attached comments. If you would like additional discussion with us, please contact Margaret A. Wood, Chair of the Financial Accounting Standards Committee, at (201) 401-7844, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,


Jan C. Herringer
President

Attachment



**NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS**

**COMMENTS ON
PROPOSED ACCOUNTING STANDARDS UPDATE—*LEASES (TOPIC 842):
NARROW-SCOPE IMPROVEMENTS FOR LESSORS***

(File Reference No. 2018-260)

September 10, 2018

Principal Drafters

**Deepak K. Doshi
Jean-Pierre Henderson
Jeffrey A. Keene
Renee Rampulla**

NYSSCPA 2018–2019 Board of Directors

Jan C. Herringer, <i>President</i>	Darcy Aldous	Kimberly G. Johnson
Ita Rahilly, <i>President-elect</i>	Dennis N. Annarumma	Jennifer Kartychak
Anthony T. Abboud, <i>Secretary/Treasurer</i>	Sol S. Basilyan	Gerard LoVerde
Charles Abraham, <i>Vice President</i>	Carnet Brown	Patricia McGrath
Salvatore A. Collemi, <i>Vice President</i>	Rumbi Bwerinofa-Petrozzello	Candice R. Meth
Iralma Pozo, <i>Vice President</i>	Christopher G. Cahill	Steven Morse
Janeen Schrann, <i>Vice President</i>	Catherine Censullo	Tracey J. Niemotko
Joanne S. Barry, <i>ex officio</i>	Anthony S. Chan	Kevin P. O’Leary
	Mitchell A. Davis	Thomas S. Pirro
	Harold L. Deiters III	Renee Rampulla
	William H. Dresnack	Brian M. Reese
	Edward F. Esposito	Robert Rollmann
	Mark L. Farber	Michael M. Todres
	Lynne M. Fuentes	Mark M. Ulrich
	Timothy Hammon	David Young
	Douglas L. Hoffman	

NYSSCPA 2018–2019 Accounting and Auditing Oversight Committee

Renee Mikalopas-Cassidy, <i>Chair</i>	Victoria L. Pitkin	William M. Stocker III
J. Michael Kirkland	Joseph J. Puglisi	Margaret A. Wood
Jason M. Palmer	Robert M. Rollmann	Jonathan Zuckerman
Rita M. Piazza	Dominic J. Rovano	

NYSSCPA 2018–2019 Financial Accounting Standards Committee

Margaret A. Wood, <i>Chair</i>	Jo Ann Golden	Joseph Montero
Jeffrey A. Keene, <i>Vice Chair</i>	Fred R. Goldstein	Lingyun Ou
Agwu Agwu	Abraham E. Haspel	Michael A. Pesce
Brian M. Aledort	Orume A. Hays	Pedro D. Pile
Olga Bashkatova	Jean-Pierre Henderson	Richard M. Posen
Christina K. Catalina	Edward P. Ichart	Laura C. Prevratil
Ramona Cedeno	Tamar Kadosh	Renee Rampulla
Sara C. D'Agostino	Min Jung Kang	Robert M. Rollmann
Muneeb Danish	Michael D. Kasperski	Troy P. Segar
Timothy P. Demetres	Angela V. Katehis	Ahmed Shaik
J. Roger Donohue	Ira G. Kawaller	Daniel Shea
Deepak K. Doshi	Mueed Kumandan	Mark Springer
Robert A. Dyson	Joseph A. Maffia	A'Isha Torrence
William Epstein	Nigyar Mamedova	Joshua D. Verni
Roseanne T. Farley	Sean Martell	Rosemarie E. Whyte
Sharon Sabba Fierstein	Sean D. Matthews	Yan Zhang
Christopher Gagliardi	John J. McEnerney	

NYSSCPA Staff

Ernest J. Markezin

New York State Society of Certified Public Accountants

Comments on

Proposed Accounting Standards Update—*Leases (Topic 842): Narrow-Scope Improvements for Lessors*

(File Reference No. 2018-260)

General Comments

We welcome the opportunity to respond to the Financial Accounting Standards Board's (FASB or the Board) invitation to comment on the Proposed Accounting Standards Update—*Leases (Topic 842): Narrow-Scope Improvements for Lessors* (proposed Update).

We concur with the action taken by the Board to address implementation challenges faced by Lessors as they apply Topic 842. Overall, we agree with the Proposed Update. Our detailed responses to Questions for Respondents are presented below.

Specific Comments

Sales Taxes and Other Similar Taxes Collected from Lessees

Question 1: Should a lessor's accounting for sales taxes and other similar taxes collected from lessees be aligned with Topic 606? If not, please explain why.

Response: We agree that a lessor's accounting for sales taxes and other similar taxes collected from lessees should be aligned with Topic 606.

Question 2: Is the proposed accounting policy election, as written in this proposed Update, operable? If not, please explain why.

Response: We believe that the proposed accounting policy election, as written in this proposed Update, is operable.

Question 3: Would the proposed accounting policy election result in a reduction of decision-useful information to users of a lessor's financial statements? If so, please explain why.

Response: We do not believe that the proposed accounting policy election will result in a reduction of decision-useful information to users of a lessor's financial statements

Question 4: Should a lessor's accounting policy election for sales taxes and other similar taxes collected from lessees be applied to new lease contracts only or to all existing and new lease contracts? Please explain your rationale.

Response: We believe that a lessor’s accounting policy election for sales taxes and other similar taxes collected from lessees should be applied to all existing lease contracts. This will ensure consistency and comparability between periods as leases expire and are replaced by new leases.

Certain Lessor Costs Paid Directly by Lessees

Question 5: Should a lessor be required to exclude certain lessor costs paid directly by lessees to third parties on behalf of a lessor as variable payments when the uncertainty in the amount is not expected to ultimately be resolved? If not, please explain why.

Response: We agree, a lessor should be required to exclude certain lessor costs paid directly by lessees to third parties on behalf of a lessor as variable payments when the uncertainty in the amount is not expected to ultimately be resolved.

Question 6: Are the proposed amendments for the accounting for certain lessor costs operable? If not, please explain why.

Response: We believe the proposed amendments for the accounting for certain lessor costs are operable.

Question 7: Would the proposed requirement for a lessor to not report certain lessor costs paid directly by a lessee to a third party on behalf of the lessor result in a reduction of decision-useful information to users of a lessor’s financial statements? If so, please explain why.

Response: We do not believe the proposed requirement for a lessor to not report certain lessor costs paid directly by a lessee to a third party on behalf of the lessor will result in a reduction of decision-useful information to users of a lessor’s financial statements.

Question 8: Should the proposed amendment in paragraph 842-10-15-40A to exclude certain lessor costs paid directly by lessees on behalf of a lessor as variable payments be applied to new lease contracts only or to all existing and new lease contracts? Please explain your rationale.

Response: We believe lessors should apply the proposed amendment in paragraph 842-10-15-40A to exclude certain lessor costs paid directly by lessees on behalf of a lessor as variable payments be applied to all existing and new lease contracts. This will ensure consistency and comparability between periods as leases expire and are replaced by new leases.

Recognition of Variable Payments for Contracts with Lease and Non-lease Components

Question 9: Would the proposed amendments clarify the application of paragraph 842-10-15-40? If not, please explain why.

Response: We agree, the proposed amendments would clarify the application of paragraph 842-10-15-40.

Question 10: Are the proposed amendments for the accounting for certain variable payments for contracts with lease and non-lease components operable? If not, please explain why.

Response: We believe the proposed amendments for the accounting for certain variable payments for contracts with lease and non-lease components are operable.

Transition and Effective Date for Early Adopters

Question 11: How much time would be needed to implement the amendments in this proposed Update for an entity that early adopts Update 2016-02 before these proposed amendments are finalized? What transition method and transition disclosures should those entities be required to apply (provide)? Please explain your reasoning.

Response: We do not have a basis to estimate the time required by an entity that early adopts Update 2016-02 before these proposed amendments are finalized. It is our expectation that such time would not be unreasonable and that most of the required information has been obtained, including relevant sales tax and other taxes, and costs paid to a third party by the lessee. We believe transition should be consistent with the method selected in adopting Update 2016-02 and the amendments in this proposed Update should be applied to all periods affected by Update 2016-02. We believe this will maintain consistency and comparability.

Question 12: Should the effective date for the amendments in this proposed Update be aligned with that of Update 2016-02? If not, please explain why.

Response: We agree that the effective date for the amendments in this proposed Update should be aligned with that of Update 2016-02.