

Deferral of the Effective Date of SFFAS 54, Leases

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Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please fax your comments to (202) 512-7366.

Q1. Do you agree with the proposed two-year deferral of the effective date of SFFAS 54, *Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment*? The new effective date would provide for full implementation of SFFAS 54 for reporting periods beginning after September 30, 2022. Please provide supporting details behind reasons for your position.

We support the Federal Accounting Standards Advisory Board's (FASAB) position on the proposed two-year deferral of the effective date of Statement of Federal Financial Accounting Standard (SFFAS) No. 54, *Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment*. The new standard is a major change, further complicated by special circumstances and implementation challenges that exist for many Federal agencies. Guidance has not been fully developed to ensure that these issues are addressed in a consistent manner. The deferral period also provides Federal agencies with the opportunity to process the guidance and affect it in an orderly and efficient manner. FASAB's deferral mirrors similar actions in the private sector.

A deferral is necessary for agencies to determine the situations that qualify as a lease based on the new standard. Agencies require time and resources to create new and/or update existing systems, modify posting models, purchase or reconfigure software products, create and/or update

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existing reporting modules, and create and/or update existing accounting processes. The deferral provides agencies the opportunity to work through issues and implementation challenges as they arise and apply the new standard correctly while promoting an orderly transition.

In a similar vein, the Financial Accounting Standards Board (FASB) provided private and non-profit companies a one-year reprieve on implementing a comparable standard, *Accounting Standards Update No. 2016-02, Leases (Topic 842) (Leases)*.

We have no further comments on deferral of the effective date of SFFAS No. 54 at this time.