

Exposure Draft Questions for Respondents (QFR)  
and Specific Matters for Comment (SMC)

Due: February 5, 2021

*Implementation Guidance for Leases & Omnibus Amendments to Leases-Related Topics*

**Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."**

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

**Please provide your name.**

Name:

**Please identify your organization, if applicable.**

Organization:

*Please email your responses to [fasab@fasab.gov](mailto:fasab@fasab.gov). If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.*

**QFR 1** Do you generally support the proposed Statement and TR proposals as a whole?  
Please provide reasons for your views.

Yes, Accounting for leases has been updated in the private sector and GASB, and lease recognition in the Federal Government, for financial statement purposes, needs to be updated to be more meaningful to federal financial statement users. We agree that this guidance will help statement preparers apply the new accounting and financial reporting requirements for leases.

**QFR 2** Are there specific aspects of the proposed Statement and/or TR that you disagree with? If so, please explain the reasons for your positions, the paragraph number(s), and/or topic area(s) of the proposals that are related to your positions, and any alternatives you propose and the authoritative basis for such alternatives.

No.

**QFR 3** Are you aware of any implementation issues that are not addressed in the proposed Statement and/or TR? Do any ambiguous areas remain that could lead to challenges with implementing SFFAS 54 requirements? If so, please provide examples of the

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issues and any references to applicable guidance, and/or topic area(s) related to the issues, and any potential solutions you propose.

Treasury is not aware of any implementation issues that are not addressed in the proposed Statement and/or TR. Treasury does not find any areas that remain ambiguous, which could lead to challenges with implementing SFFAS 54 requirement. However, we have a suggestion with regards to paragraph 95 of this TR as explained on the response to the below question **SMC 3**, and request that clarification be added for financial reporting differences between rent decrease and lease concession.

**QFR 4** Are there specific aspects of these proposals that you favor or otherwise wish to provide comments on?

No.

**SMC 1** Is the proposed guidance under paragraph 4 of the proposed TR applicable to federal lease scenarios to your knowledge? Please provide feedback regarding the usefulness of the proposed guidance in the context of those scenarios and/or the extent to which you believe the proposed guidance addresses implementation issues under potential scenarios. Please describe any alternative views or suggestions for improvement.

We have no knowledge of such scenario and do not think the guidance is useful. The scenario in paragraph 4 does not seem to meet the "for consideration" criteria under SFFAS 54 if substance over form is considered.

**SMC 2** Please provide feedback regarding the usefulness of the proposed guidance under paragraph 13 of the proposed TR and/or the extent to which you believe the proposed guidance addresses implementation issues related to federal oil and gas leases. Please describe any alternative views or suggestions for improvement.

This is a good example of variable payment that may have a fixed in-substance component. Royalties from oil and gas leases are based on production which is variable. However, if there is a minimum payment requirement in the lease agreement, then the minimum payment is fixed in substance. It may be helpful to include the minimum payment in the scenario instead of referring the reader to paragraphs in SFFAS 54.

**SMC 3** Is the proposed guidance under paragraph 95 of the proposed TR potentially applicable to intragovernmental transactions that are similar to a sale-leaseback to your knowledge? Please provide feedback regarding the usefulness of the proposed guidance in the context of those scenarios and/or the extent to which you believe the proposed guidance addresses implementation issues under potential scenarios. Please describe any alternative views or suggestions for improvement.

Treasury believes that paragraph 95 would not be applicable to an intragovernmental transaction similar to a sale-leaseback. However, the TR infers that the combined guidance of paragraphs 89 of SFFAS 54 and paragraph 295 of SFFAS 7, disqualifies an intragovernmental

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sale-leaseback transaction from being treated as a sale because it only applies to sales transactions with the public, yet, this is not explicitly stated within SFFAS 54 or SFFAS 7.

An alternative view or suggestion would be to state that since SFFAS 54 and SFFAS 7 are silent as to whether an intragovernmental sale-leaseback transaction qualify is a sale, such a transaction would not be excluded to qualify as a sale as long as it meets the requirements established for similar non-intragovernmental transactions and propose that the guidance clarify that "sales" normally do not apply to intragovernmental transactions.

**SMC 4** Is the proposed guidance under paragraph 98 of the proposed TR applicable to existing and/or potential intragovernmental lease-leaseback transactions to your knowledge? Please provide feedback regarding the usefulness of the proposed guidance in the context of those scenarios and/or the extent to which you believe the proposed guidance addresses implementation issues under potential scenarios. Please describe any alternative views or suggestions for improvement.

We have no knowledge of any intragovernmental lease-leaseback transactions within Treasury.