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July 8, 2022

Mr. George A. Scott
Chair
Federal Accounting Standards Advisory Board
441 G Street, NW, Suite 1155
Washington, DC 20548

RE: Proposed Statement of Federal Financial Accounting Standards, *Omnibus Amendments: Technical Clarifications Addressing Lessee and Lessor Discount Rates and Sale-Leasebacks*

Dear Mr. Scott,

We appreciate the opportunity to respond to the exposure draft of the proposed Statement of Federal Financial Accounting Standards, *Omnibus Amendments: Technical Clarifications Addressing Lessee and Lessor Discount Rates and Sale-Leasebacks*. We support the Board's efforts to continue to clarify the lease accounting standards. We provide the following answers to the Questions For Respondents (QFRs), observations, and suggestions for consideration.

QFR1

We support the proposed amendments to address discounting lease liabilities and receivables (amending paragraphs 42, 47-48, and 59 of SFFAS 54 *Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government*, as amended) and the Board's basis for such proposals.

However, we believe the clarity of the standard would be improved through the use of the same terminology as that in SFFAS 54. Below are examples of such conforming revisions.

Paragraph 42A

- Replace "the date of the initial lease liability recognition" with "the commencement of the lease term". This terminology is used in SFFAS 54 paragraph 39, which states that the lease liability should be recognized at the commencement of the lease term.
- Replace "the date that the discount rate is updated" with "the subsequent financial reporting date(s)". This terminology is used in SFFAS 54 paragraph 44, which states that if certain changes have occurred, the lessee should remeasure the lease liability at subsequent financial reporting dates.

Paragraph 59A

- Replace "the date of the initial lease receivable recognition" with "the commencement of the lease term". This terminology is used in SFFAS 54 paragraph 55, which states that a lease receivable should be recognized at the commencement of the lease term.
- Replace "the date that the discount rate is updated" with "the subsequent financial reporting date(s)". This terminology is used in SFFAS 54 paragraph 61, which states that if certain changes have occurred, the lessor should remeasure the lease receivable at subsequent financial reporting dates.

QFR2

We support the proposed amendments to clarify the applicability of paragraphs 89-92 of SFFAS 54 to intragovernmental sale-leasebacks and the disclosure requirements applicable to them, as reflected in proposed paragraphs 8-9, and the Board's basis for such proposals.

If you have questions about our response, please contact Ms. Kerrey Olden at kolden@kpmg.com or Ms. Amanda Nelson at aenelson@kpmg.com.

Sincerely,

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