

*Leases Implementation Guidance Updates: Amendments to Technical Release 20*

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This proposal would amend Federal Financial Accounting Technical Release (TR) 20, *Implementation Guidance for Leases*, by:

- incorporating minor conforming amendments related to Statement of Federal Financial Accounting Standards (SFFAS) 61, *Omnibus Amendments 2023*,
- inserting additional leases implementation guidance questions and answers within the related topic areas, and
- providing clarifying amendments / technical corrections on certain existing questions and answers under TR 20.

**QFR 1** Do you generally support the proposed conforming amendment in paragraph 5? Please explain the reasons for your position. Please also explain any alternatives or additional candidates that you propose and the authoritative basis for such alternatives.

DOT concurs with the proposed conforming amendment in paragraph 5. The amendment ensures consistent and transparent accounting treatment for lease contracts with multiple underlying assets and different lease terms. It allows for appropriate separation of lease components and determination of interest rates based on market conditions. This approach promotes accurate and reliable financial reporting.

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**QFR 2** Do you generally support the proposed updates (that is, new questions and answers) in paragraphs 6-10? Please explain the reasons for your positions, the paragraph number(s), and/or topic areas of the proposals that are related to your positions. Please also explain any alternatives you propose and the authoritative basis for such alternatives.

DOT supports the proposed questions and answers in paragraphs 6-10. The proposed updates enhance clarity and consistency in lease accounting practices. The new questions and answers address specific scenarios and provide detailed explanations that align with the requirements of SFFAS 54 and provide clear guidance on the determination of lease classification, lease term, recognition of interest expense, treatment of lease incentives and concessions, and assessment of short-term leases. By incorporating these updates into TR 20, reporting entities can have a better understanding of how to apply the accounting guidance in practical situations. This promotes accurate and reliable financial reporting in accordance with the applicable standards.

**QFR 3** Do you generally support the clarifying amendments / technical corrections in paragraph 11-13? Please explain the reasons for your positions, the paragraph number(s), and/or topic areas of the proposals that are related to your positions. Please explain any alternatives or additional clarifying amendments / technical correction candidates that you propose and the authoritative basis for such alternatives and/or candidates.

DOT supports the clarifying amendments in paragraph 11-13. The clarifying amendments/technical corrections enhance the understanding and application of lease accounting principles. The amendments provide clear guidance on the types of lease expenses to be disclosed, including those incurred during the fiscal year for intragovernmental leases and right-to-use lease assets. They also address the treatment of cancelable periods and the determination of lease term when cancellation penalties are significant. Additionally, the amendments clarify how lease reporting should be approached when an agency acts as an agent or principal, providing clear guidance on the recognition of lease liabilities and assets.