

AAPC Exposure Draft - Technical Release: *Conforming Amendments to Technical Releases for SFFAS 54, Leases*

Questions for Respondents due April 1, 2019

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."

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Q1. In light of the recently issued Statement of Federal Financial Accounting Standards (SFFAS) 54, *Leases*, this TR proposes to clarify existing TRs by providing conforming amendments (see paragraphs 3 -10). These conforming amendments acknowledge the SFFAS 54 amendments and further clarify the revised lease accounting standards by eliminating outdated references as a result of the new guidance. TR 10, *Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment*, and TR 16, *Implementation Guidance for Internal Use Software*, are being amended because internal use software has specifically been scoped out of SFFAS 54, so the language in these TRs is not consistent with SFFAS 54.

Do you agree or disagree with the proposed amendments to TR 10 and TR 16? Please provide the rationale for your answer.

SSA Response: We agree with the proposed amendments to Technical Releases (TR) 10 and 16, as the amendments ensure both TRs agree to the terminology, provisions, and guidance as provided in SFFAS 54: *Leases*.

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- Q2.** The TR 16 amendments clarify that reporting entities should capitalize the cost of internal use software, including software licenses, when such software meets the criteria for general property, plant, and equipment in accordance with SFFAS 10, *Accounting for Internal Use Software*, and the lease accounting concepts would not apply.

Do you agree or disagree with the proposed amendments to TR 16 to clarify the capitalization of internal use software cost? Please provide the rationale for your answer.

SSA response: We agree with removing the references to leases in TR 16, as such references are no longer applicable due to the issuance of SFFAS 54.

As stated in SFFAS 10, “This Standard requires the capitalization of the cost of internal use software whether it is commercial of the shelf, contractor developed or internally developed” and “that such entities should capitalize the cost of software when such software meets the criteria for general property, plant, and equipment.” As TRs are a mechanism to provide guidance for applying existing Statements and Interpretations but may not promulgate new accounting standards, it is appropriate to update the verbiage to conform to SFFAS 54.