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September 27, 2011

Technical Director
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

By e-mail: director@fasb.org

Re: Proposed Accounting Standards Update –
Property, Plant, and Equipment (Topic 360)
Derecognition of in Substance Real Estate—a Scope Clarification
(File Reference No. EITF-100E)

The New York State Society of Certified Public Accountants, representing more than 28,000 CPAs in public practice, industry, government and education, welcomes the opportunity to comment on the above captioned Exposure Draft.

The NYSSCPA's Financial Accounting Standards Committee deliberated the Exposure Draft and prepared the attached comments. If you would like additional discussion with us, please contact J. Roger Donohue, Chair of the Financial Accounting Standards Committee at (516) 887-7573 or Ernest J. Markezin, NYSSCPA staff at (212) 719-8303.

Sincerely,

NYSSCPA

Richard E. Piluso
President

Attachment

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NEW YORK STATE SOCIETY OF

CERTIFIED PUBLIC ACCOUNTANTS

COMMENTS ON

PROPOSED ACCOUNTING STANDARDS UPDATE – PROPERTY, PLANT, AND EQUIPMENT (TOPIC 360) DERECOGNITION OF IN SUBSTANCE REAL ESTATE—A SCOPE CLARIFICATION

(FILE REFERENCE NO. EITF-100E)

September 27, 2011

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New York State Society of Certified Public Accountants

Comments on

**Proposed Accounting Standards Update –
Property, Plant, and Equipment (Topic 360)
Derecognition of in Substance Real Estate—a Scope Clarification**

(File Reference No. EITF-100E)

We have reviewed the proposed Accounting Standards Update, *Property, Plant, and Equipment (Topic 360), Derecognition of in Substance Real Estate—a Scope Clarification*, and we appreciate the opportunity to provide our responses to the questions for respondents.

Responses to Specific Questions

Question 1: Do you agree that the scope of this proposed Update should be limited to a reporting entity's loss of control (as described in Subtopic 810-10) of a subsidiary that is in substance real estate when that loss of control is a result of the subsidiary defaulting on its nonrecourse debt? If not, what other situations have arisen in practice that the Task Force should consider?

Response: We agree that the scope of the proposed Update should be limited to a reporting entity's loss of control of a subsidiary that is in substance real estate when that loss of control is a result of the subsidiary defaulting on its nonrecourse debt. The objective of this Update, as indicated in the Summary, is clearly to resolve the diversity in practice about whether the guidance in Subtopic 320-20 applies to a parent losing control which results from the subsidiary's default of nonrecourse debt.

That is a narrow objective, and the direction of the guidance is best served by specifically dealing with the limited conditions. We agree with the Board that clarifying the guidance improves current U.S. GAAP by eliminating diversity in practice and emphasizes that the accounting for such transactions is on a principles based framework.

Question 2: Do you agree that a reporting entity that ceases to have a controlling financial interest (as described in Subtopic 810-10) in a subsidiary that is in substance real estate because of a default by the subsidiary on its nonrecourse debt should apply the guidance in Subtopic 360-20 to determine whether it should derecognize the assets (including real estate) and liabilities (including the related nonrecourse debt) of the subsidiary?

Response: We agree that the guidance in Subtopic 360-20, as amended by this Update, is appropriate for this transaction. The guidance is clear on a principles based framework

with respect to the circumstances that determine when the assets and liabilities are derecognized and when they are not. In addition to the narrative description, examples are provided that clarify the required accounting.

Question 3: Should additional guidance on applying the guidance in Subtopic 360-20 to transactions within the scope of this proposed Update be provided? If yes, under what circumstances?

Response: Additional guidance is unnecessary. The requirements are clear with respect to scope, objective, and accounting (including the examples). Additional guidance would seem to have the effect of modifying the Update, and could be misinterpreted.

Question 4: Do you agree that the amendments in this proposed Update should be applied prospectively? If not, why not?

Response: We agree that the amendments should be applied prospectively. Recording this transaction retrospectively could be extremely difficult and cause unanticipated complications. Prospective application achieves the objective of eliminating the diversity in practice going forward which is the Update's intent.

Question 5: Should an entity be permitted to early adopt the amendments in this proposed Update?

Response: Yes. We agree that an entity should be able to early adopt the amendments in this proposed Update.

Question 6: How much time would be necessary for you to efficiently implement the provisions of this proposed Update?

Response: For this type of transaction, it would seem that little time would be necessary to implement the provisions of the Update. We recommend that the effective date be no earlier than one year after the date that the proposed Update is approved for issuance and to begin at the beginning of the fiscal year of the entity and subsequent interim periods. For example, if the Update is adopted December 31, 2011, the effective date would be for fiscal years and interim periods commencing January 1, 2013, or later for entities whose fiscal year-end begins after January 1, 2013.