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Long Island City, NY 11101

June 17, 2013

Ms. Susan Cosper  
Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

**Re: File Reference No. EITF 13-B: Proposed Accounting Standards Update—*Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Qualified Affordable Housing Projects* (a consensus of the FASB Emerging Issues Task Force)**

Dear Ms. Cosper:

We appreciate the opportunity to provide feedback to the Financial Accounting Standards Board (FASB) and Emerging Issues Task Force (EITF or the Task Force) on the proposed Accounting Standards Update (ASU), *Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Qualified Affordable Housing Projects*.

Citi agrees with the view that the investment performance and tax credits of investments in qualified affordable housing projects should be presented within the income tax line of the income statement.

While Citi supports the revised conditions in the proposed ASU to elect the effective yield method, which we believe to be an improvement to current U.S. GAAP, we prefer a proportional (cost-based) amortization method, as alluded to by the Task Force in Question 3 of the proposed ASU.

Investments in affordable housing projects may generate tax credits and benefits unevenly. We believe a proportional approach would more accurately match the income recognition of the tax credits and benefits with the amortization of the investment, and would be less costly to apply to the diverse population of qualified investments. Therefore, we believe the proportional (cost-based) approach would be a more appropriate accounting method for these investments.

We also recommend that the Task Force consider expanding the scope of this guidance to include other tax credit investments that meet the revised criteria in paragraph 323-740-25-1, not limiting it exclusively to investments in affordable housing projects. The conditions in paragraph 323-740-25-1 represent a principles-based approach for identifying when the effective yield method is appropriate. Therefore, we do not support a rule limiting this guidance to a specific program when other tax credit investments, such as new markets tax credits, may be similarly structured and otherwise meet the conditions in paragraph

323-740-25-1. We suggest that the Board expand this guidance to include all tax credit investments that qualify under the conditions in paragraph 323-740-25-1. Investments that generate tax credits but that do not meet the criteria in paragraph 323-740-25-1 (for example, because substantially all of the benefits are not from tax credits or other tax benefits) should continue to be accounted for under the equity method.

If the Task Force decides that it needs more time to consider other types of tax credit investments, we recommend that the Task Force proceed with the limited-scope proposal for affordable housing projects and address other tax credit investments in a separate project.

We agree with the Task Force that retrospective application would provide more meaningful information to investors than prospective application. However, we believe that the cost of full retrospective application does not outweigh the benefits, especially when positions from prior periods have been sold. We recommend a modified retrospective transition approach with a cumulative-effect adjustment to opening retained earnings in the year of adoption. We also support early adoption of the proposed amendments.

Thank you for your consideration of our comments. We would be pleased to discuss our comments with you at your convenience. Please feel free to call me in New York at (347) 648-7721.

Sincerely,



Robert Traficanti  
Deputy Controller and Global Head of Accounting Policy