Pennsylvania Institute of Certified Public Accountants

June 10, 2014

Technical Director
Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5116
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director@fasb.org

Re: File Reference No. EITF - 12F: Proposed Accounting Standards Update, *Business Combinations (Topic 805): Pushdown Accounting (a consensus of the FASB Emerging Issues Task Force)*

The Accounting and Auditing Procedures Committee (the committee) of the Pennsylvania Institute of Certified Public Accountants (PICPA) appreciates the opportunity to comment on the proposed Accounting Standards Update, *Business Combinations – Pushdown Accounting*. The PICPA is a professional association of more than 22,000 members working to improve the profession and better serve the public interest. Founded in 1897, the PICPA is the second-oldest CPA organization in the United States. Membership includes practitioners in public accounting, education, government, and industry. The committee is composed of practitioners from both regional and small public accounting firms, members serving in financial reporting positions, and accounting educators.

The committee supports including guidance on push-down accounting in the FASB Codification, and generally agrees with the proposed alternative. However, the committee questions the rationale for having management at the acquired entity make the accounting election as opposed to the acquirer, since the acquirer ultimately can determine the accounting methods used by the entities it controls. Some on the committee take a different position, noting that while the acquirer could overrule the accounting method selected by the acquired entity, the acquired entity has responsibility for its own accounting method selections. The committee requests that the FASB include its rationale for allowing management at the acquired entity to make the accounting election in the basis for conclusions.

In addition, the proposed standard states that if an acquisition transaction does not require the acquirer to record the assets and liabilities of the acquiree at fair value, the acquiree could make the election to record its assets and liabilities at fair value in its stand-alone financial statements without regard to the acquirer's accounting for the transaction. Aside from the acquisition of an entity under common control, it is not clear to the committee as to how this could arise. The committee requests that the FASB provide examples of transactions where this situation could arise and its rationale for this proposed accounting treatment.

We appreciate your consideration of our comments. We are available to discuss any of these comments with you at your convenience.

Pennsylvania Institute of Certified Public Accountants

Sincerely,

Lisa A. Ritter, CPA
Chair, PICPA Accounting and Auditing Procedures Committee

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