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December 8, 2014

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

**File Reference No. 2014-250**

**Re: Proposed Accounting Standards Update, *Simplifying the Presentation of Debt Issuance Cost***

Dear Ms. Cospers:

Deloitte & Touche LLP appreciates the opportunity to comment on the FASB's proposed Accounting Standards Update (ASU) *Simplifying the Presentation of Debt Issuance Cost*.

We support the Board's efforts to quickly make improvements to aspects of U.S. GAAP that are unnecessarily complex and costly as part of its simplification initiative. With respect to the presentation of debt issuance cost, we agree with the Board's proposal to simplify the balance sheet presentation of debt issuance costs by treating them as a direct deduction from the carrying amount of the related liability rather than as a separate asset.

The appendix of this letter contains our responses to the proposed ASU's questions for respondents.

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We appreciate the opportunity to comment on the proposed ASU. If you have any questions concerning our comments, please feel free to contact Magnus Orrell at (203) 761-3402.

Yours truly,

Deloitte & Touche LLP

cc: Robert Uhl

**Appendix**  
**Deloitte & Touche LLP**  
**Responses to Questions for Respondents**

***Question 1:*** *Should debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability, consistent with debt discounts? If not, why?*

Yes. Presenting debt issuance costs in the balance sheet as a direct deduction from the carrying amount of the related debt liability is simpler and conceptually sounder than the current U.S. GAAP approach and improves comparability of financial statements prepared under U.S. GAAP and IFRSs.<sup>1</sup>

We agree with the Board's proposal not to revise the initial recognition and measurement requirements for debt issue costs at this time (e.g., in the computation of the amount of a beneficial conversion feature).<sup>2</sup> However, we encourage the Board to consider further simplifying the treatment of debt issuance costs by removing guidance that suggests that unamortized debt issue costs need to be tracked separately from unamortized debt discounts subsequent to debt issuance (in particular, the column showing unamortized issue costs separately from unamortized discount in Note 1 of ASC 835-30-55-8, as amended by the proposed ASU).

***Question 2:*** *Should the proposed guidance be applied on a retrospective basis?*

Yes. We believe that the guidance in the proposed ASU should be applied retrospectively as indicated in the proposed ASU.

***Question 3:*** *How much time will be necessary to adopt the amendments in this proposed Update? Should the amount of time needed to apply the proposed amendments by entities other than public business entities be different from the amount of time needed by public business entities?*

We believe that a transition period of two years from the issuance of the new standard should give entities enough time to implement the ASU's requirements. We do not believe that any of the proposed amendments require special consideration for entities other than public business entities.

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<sup>1</sup> Presenting debt issuance costs as an asset is inconsistent with (1) the FASB's conceptual framework (paragraph 237 of Concepts Statement No. 6), (2) the U.S. GAAP treatment of debt discounts (ASC 835-30-45-1A), and (3) IFRSs (paragraph 5.1.1 of IFRS 9 (2014) and paragraph 43 of IAS 39).

<sup>2</sup> ASC 470-20-30-13.