



Dec. 15, 2014

Technical Director  
File Reference No. 2014-250  
Financial Accounting Standards Board  
401 Merritt 7, PO Box 5116  
Norwalk, CT 06856-5116

Submitted via email to [director@fasb.org](mailto:director@fasb.org)

**Re: Proposed Accounting Standard Update: Interest – Imputation of Interest (Subtopic 835-30) Simplifying the Presentation of Debt Issuance Cost**

Dear Technical Director:

The Virginia Society of CPAs (VSCPA) Accounting and Auditing Advisory Committee has reviewed the proposed Exposure Draft (the ED), *Interest — Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Cost* issued by the Financial Accounting Standards Board (the Board). The VSCPA is a leading professional association dedicated to enhancing the success of all CPAs and their profession by communicating information and vision, promoting professionalism, and advocating members' interests. VSCPA membership consists of more than 11,000 individual members who actively work in public accounting, private industry, government and education. We appreciate the work the Board has undertaken on this effort and the opportunity to respond to the ED.

The VSCPA offers the following comments related to the "Questions for Respondents" section of the ED:

**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. We support the Board's amendments in the ED, which would require that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of debt liability, consistent with the treatment of debt discounts or premiums. We believe that debt issuance costs are similar to debt discounts and do not provide any future economic benefit. Consistent treatment of them under generally accepted accounting principles will help to reduce complexity while still maintaining or improving the usefulness of the information provided to users of the financial statements.

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

Yes. We support the position that the ED be applied retrospectively after the date of adoption. This particular retrospective change would seem fairly simple and would not have an effect on the income statement since both debt discounts and debt issuance costs are amortized using the effective interest method.

**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?**

Given that the objective of the amendments in the ED is to reduce complexity with regards to the presentation of debt issuance costs and the fact that the retrospective change is fairly simple, we feel that there would be no need to delay adoption upon issuance of the guidance and that early adoption be permitted as well. We feel that the time needed to apply the proposed amendments should be the same for both entities other than public business entities and public business entities.

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We support and applaud the Board's efforts with regards to its Simplification Initiative We believe the ED will help the Board meet its objectives.

Again, the VSCPA appreciates the opportunity to respond to the ED. Please direct any questions or concerns to VSCPA Government Affairs Director Emily Walker at [ewalker@vscpa.com](mailto:ewalker@vscpa.com) or (804) 612-9428.

Sincerely,



Charles M. Valadez, CPA, CGMA, CITP  
Chair

2014–15 VSCPA Accounting & Auditing Advisory Committee

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