

November 16, 2015

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

By e-mail: director@fasb.org

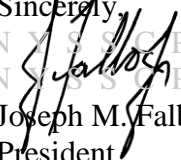
**Re: Proposed Accounting Standards Update—*Revenue from Contracts with Customers*
(Topic 606): *Narrow-Scope Improvements and Practical Expedients***

(File Reference No. 2015-320)

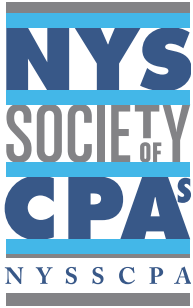
Dear Ms. Cospers:

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 28,000 CPAs in public practice, business, government and education, welcomes the opportunity to comment on the above captioned exposure draft.

The NYSSCPA's Financial Accounting Standards Committee deliberated the proposed accounting standards update and prepared the attached comments. If you would like additional discussion with us, please contact Craig T. Goodman, Chair of the Financial Accounting Standards Committee at (212) 303-1058, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

Joseph M. Falbo, Jr.
President

Attachment



**NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS**

COMMENTS ON

**PROPOSED ACCOUNTING STANDARDS UPDATE—*REVENUE FROM CONTRACTS
WITH CUSTOMERS (TOPIC 606): NARROW-SCOPE IMPROVEMENTS AND
PRACTICAL EXPEDIENTS***

(File Reference No. 2015-320)

November 16, 2015

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Margaret A. Wood**

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NYSSCPA Staff

Ernest J. Markezin

New York State Society of Certified Public Accountants

Comments on

Proposed Accounting Standards Update—*Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*

(File Reference No. 2015-320)

General Comments

We are pleased to respond to the Financial Accounting Standards Board’s (FASB or the Board) invitation to comment on the Proposed Accounting Standards Update (ASU), *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients* (Proposed Update). We agree with the Proposed Update. We have limited our comments to those questions where the principle drafters had additional thoughts for the Board to consider.

Specific Comments

Question 3: The collectability criterion in paragraph 606-10-25-1(e) refers to collectibility being probable, which is defined in Topic 606 as “likely to occur”. If the Board were, instead, to refer to collectability being “more likely than not”, which would result in a converged collectibility criterion with IFRS, would the amendment improve the collectability guidance in Topic 606? Explain your answer.

Response: We agree with changing collectibility to “more likely than not.” “Likely to occur” is a new measurement term that would be subject to interpretation and lead to diversity in practice. “More likely than not” is a term that has been used in practice and has come to mean 51% or greater. It is not subject to interpretation and would not result in divergence in practice.

Question 4: Paragraph 606-10-32-2A provides for a policy election that would permit an entity to elect to exclude all sales (and other similar) taxes collected from customers from the transaction price. Does this proposed amendment reduce the cost and complexity of applying Topic 606? If not, why not?

Response: Yes, the proposed election will reduce cost and complexity. Transaction prices, rate cards and quotes for services do not typically include sales taxes. Sales taxes have routinely been added to the bottom of a bill. Sales taxes are calculated as part of the billing function and are not typically included in the costing, revenue recognition or completed contract systems. They are more often considered a pass through and do not usually affect the income statement or statement of operations. Collection is maintained in an asset account and a liability is set up for the corresponding liability. The election will reduce the cost of changes to the revenue and costing systems.

In addition, sales taxes are constantly changing. Various jurisdictions, including but not limited to towns, cities, counties, parishes and states have the ability to establish sales taxes and require collection of sales taxes on their behalf. The rules on collection are ever changing, whether collection is based on shipped-to location or shipped-from location.