



February 10, 2016

Technical Director
Financial Accounting Standards Board
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Via e-mail – director@fasb.org

Re: File Reference No. 2015-340. Proposed Accounting Standards Update: Government Assistance (Topic 832): *Disclosures by Business Entities about Government Assistance*.

Plante & Moran PLLC is pleased to offer comments on the FASB's proposed ASU, *Disclosures by Business Entities about Government Assistance*. We support the efforts of the Board to increase transparency about government assistance programs as a first and important step towards developing a comprehensive model to account for these arrangements. Following, please find our responses to the specific Questions for Respondents in the above referenced Exposure Draft.

Question 1: Do you agree that the scope of the amendments in this proposed Update should be limited to legally enforceable agreements in which an entity or entities receive value from a government? Do you also agree that the scope of the proposed amendments should not apply to transactions in which the government is (a) legally required to provide a nondiscretionary level of assistance to an entity simply because the entity meets applicable eligibility requirements that are broadly available without specific agreement between the entity and the government or (b) solely a customer? If not, what other types of arrangements should be included in or excluded from the scope of the amendments in this proposed Update? Explain why.

Response 1: While we agree the amendments in the proposed Update should be limited to legally enforceable agreements in which an entity or entities receive value from a government, we believe additional guidance should be provided as to what constitutes "value." While there are some situations where it is easy to determine value has been received (i.e., tax credits and tax abatements), there are other more subjective situations, such as below-market loan terms, where it can be difficult to determine if the entity has received value. As many of the transactions and situations are unique, it may be difficult to find comparable transactions to determine if an entity received value from the government. We believe it would be helpful to provide additional implementation guidance as to how to determine if value has been received in situations where favorable terms may have been provided to the entity.

We agree the scope of the proposed amendments should exclude transactions where the government is legally required to provide a nondiscretionary level of assistance to an entity that has met established eligibility requirements, as the terms of these agreements are consistent for all entities. Given that the assistance is nondiscretionary and the arrangement terms should be

consistent among all recipients, there would be little benefit to requiring entities to make the additional disclosures required in the proposed Update to these arrangements.

We also agree transactions in which the government is solely a customer of the entity should be excluded from the scope of this Topic.

Question 2: Do you agree that the proposed disclosure requirements should be the same for both domestic assistance and foreign assistance? If not, please explain why and what proposed disclosure requirements you believe should differ. Are there any unique types of foreign assistance that should be considered? If so, explain why and be specific about any unique types of foreign assistance.

Response 2: Yes, we agree the same disclosures should be required for both domestic assistance and foreign assistance. If different disclosures are required for different types of assistance, it would decrease comparability of financial statements for different entities based solely on the source of the government assistance, rather than on the substance of the assistance.

Question 3: Do you agree that the scope of the proposed amendments should not exclude government assistance agreements that are within the scope of Topic 740, Income Taxes? If not, explain why.

Response 3: We agree that the scope of the proposed amendments should not exclude government assistance agreements that are within the scope of Topic 740. Scoping these agreements out of the proposed amendments would result in different disclosure requirements for different types of government assistance agreements. We believe this would be inconsistent with the objective of the proposed ASU, which is increased transparency about government assistance programs.

Question 4: Do you agree that the scope of the proposed amendments should exclude NFP entities? Alternatively, should any proposed disclosure requirement(s) be applied by NFP entities? If so, specify which proposed disclosure requirement(s) and explain why.

Response 4: There are many business-oriented NFP entities where the disclosures in the proposed Update would be applicable and provide useful information to financial statement users. However, requiring these disclosures for only certain NFP entities would necessitate clear criteria to determine which entities are within the scope of the proposed guidance. Absent clear scope criteria for NFP entities, we agree the proposed amendments should exclude NFP entities, as the standard would impose a significant burden on the many NFP entities that are not business-oriented, while providing minimal additional benefit to the users of those financial statements.

Question 5: Are the proposed scope and disclosure requirements operable and auditable? Do your existing information sets and systems, internal controls, and so forth capture the information required to be disclosed by the proposed amendments? If not, which aspects of the scope or disclosures pose operability, auditability, and/or cost issues and why?

Response 5: We believe the scope requirements are operable and auditable. However, we believe the requirement to disclose the amount of government assistance received but not recognized directly in the financial statements could result in significant costs, while not providing comparable benefits. This is consistent with the viewpoint offered in the Alternative View section of the Exposure Draft. For example, in situations where an entity receives a low interest rate or interest free loan, the entity would need to know what a market rate would be for a similar loan in order to calculate the value of the government assistance. As it can be difficult to find comparable transactions, it would likely require a significant amount of judgement and estimation, or the hiring of a third party expert, to determine the amount of value received. As the entity would already be required to disclose the significant terms of the agreement, we do not believe the benefits of this information would outweigh the costs.

In addition, as the proposed amendments do not require disclosure of the amount of government assistance received but not recognized directly in the financial statements in situations where it is impracticable to determine the amount, there may be situations where similar transactions are treated differently. As the evaluation of whether or not it is impracticable to estimate the amount of government assistance received but not recognized may vary between entities, there could be significant diversity in practice as it relates to this disclosure requirement.

Question 6: Do you agree that an entity should be required to disclose, unless impracticable, the amount of government assistance received but not recognized directly in any financial statement line item? If not, explain why.

Response 6: As noted in Response 5, we do not believe the amount of government assistance received but not directly recognized in any financial statement line item should be required to be disclosed.

Question 9: The proposed amendments would not amend Topic 270, Interim Reporting, to add any specific interim disclosure requirements. Instead, required interim disclosures about government assistance would be limited to material changes occurring since the most recent annual period. Should the proposed amendments include additional interim disclosure requirements? If so, what disclosures do you think should be added and why?

Response 9: We agree with the conclusion not to amend Topic 270 to require specific interim disclosures on government assistance programs. Topic 270 already requires disclosure of material changes occurring during interim periods. As material changes are already required to be disclosed by Topic 270, we do not believe additional disclosures about government assistance programs are necessary in interim periods.

Question 10: Do you agree that the amendments in this proposed Update should be applied to all agreements (a) existing at the effective date and (b) entered into after the effective date with retrospective application permitted? If not, explain why.

Response 10: We agree the amendments should be applied to all agreements existing at the effective date and those entered into after the effective date. We also believe retrospective application should be permitted but not required, as in many situations, the benefits associated with retrospective application would likely not outweigh the costs.

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Question 11: The proposed amendments would apply to both public business entities and nonpublic business entities (private companies). Should the proposed amendments be different for nonpublic business entities? If so, describe why and how you think they should be different.

Response 11: In principle, we believe the disclosure requirements should be the same for both public business entities and nonpublic business entities. However, we recommend the Private Company Council (PCC) evaluate further whether the benefits of the disclosures outweigh the costs, based on the unique needs of users of private company financial statements and the potential for significant costs to be incurred for some entities to comply with the proposed amendments.

Question 12: How much time would preparers need to implement the proposed amendments? Should the amount of time needed to implement the proposed amendments by entities that are not public business entities be different from the amount of time needed by public business entities?

Response 12: We believe the time needed to implement the proposed amendments could be significant for both public business entities and private companies. We do not believe the amount of time needed to implement the proposed amendments would be significantly different based on whether or not a company is a public business entity. Rather, the amount of time needed will be based on the number of transactions an entity has with government organizations that need to be evaluated to determine whether they are subject to the new disclosure requirements. Given the likelihood that many entities will have large numbers of arrangements to evaluate, we recommend that the implementation period be at least one year.

Thank you again for the opportunity to comment on this Exposure Draft. We would be pleased to respond to any questions the Board or its staff may have about these comments. Please direct any questions to David Grubb at david.grubb@plantemoran.com or 248.223.3745.

Very truly yours,

PLANTE & MORAN, PLLC