

November 18, 2014

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 — *Intangibles—Goodwill and Other—
Internal-Use Software (Subtopic 350-40), Customer’s Accounting for Fees Paid in a Cloud
Computing Arrangement***

File Reference No. 2014-230

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.

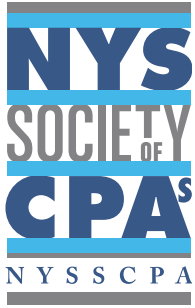
The NYSSCPA’s Financial Accounting Standards Committee deliberated the proposed accounting standards update and prepared the attached comments. If you would like additional discussion with us, please contact Robert M. Rollmann, Chair of the Financial Accounting Standards Committee at (914) 421-5605, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

A handwritten signature in black ink, appearing to read "S. M. Adair". The signature is written over a faint, light blue watermark of the NYSSCPA logo.

Scott M. Adair
President

Attachment



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

COMMENTS ON

**PROPOSED ACCOUNTING STANDARDS UPDATE — *INTANGIBLES—GOODWILL
AND OTHER—INTERNAL-USE SOFTWARE (SUBTOPIC 350-40), CUSTOMER’S
ACCOUNTING FOR FEES PAID IN A CLOUD COMPUTING ARRANGEMENT***

FILE REFERENCE NO. 2014-230

November 18, 2014

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Joseph Montero
Margaret A. Wood**

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New York State Society of Certified Public Accountants

Comments on

Proposed Accounting Standards Update — *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40)*, *Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement*

File Reference No. 2014-230

We welcome the opportunity to comment on the Financial Accounting Standards Board’s (the Board) Exposure Draft of a Proposed Accounting Standards Update — *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40)*, *Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement* (proposed Update).

General Comments

We agree with the proposed Update. Our responses to the Questions for Respondents are presented below.

Responses to Questions for Respondents

Question 1: Should a customer in a cloud computing arrangement evaluate whether the arrangement involves a software license by applying the criteria in paragraphs 350-40-15-4A through 15-4C? If not, what guidance should be applied and why?

Response:

Yes, we agree that the criteria in paragraphs 350-40-15-4A through 15-4C should be applied to evaluate whether a cloud computing arrangement involves a software license.

Question 2: Should an entity be permitted to elect prospective or retrospective transition?

Response:

We believe that retrospective transition would be preferable if comparative financial information is presented. An exception should be provided where it would be impractical or cost prohibitive to do so.

Question 3: Should the amendments in this proposed Update be effective for:

- a. Public business entities for annual periods, including interim periods within those annual periods, beginning after December 15, 2015, with early adoption permitted?**
- b. All other entities for annual periods beginning after December 15, 2015, and interim periods in annual periods beginning after December 15, 2016, with early adoption permitted?**

Response:

We agree with the proposed effective date for public business entities.

With respect to all other entities, the effective date should be the same as for public business entities as we do not believe that application of the proposed Update will cause a hardship on such entities to apply to interim periods within annual periods beginning after December 15, 2015. Furthermore, we believe that it is important to financial statement users to have comparability within interim and annual periods.

In addition, we believe that early adoption should be permitted for all entities.