October 3, 2016

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

Re: File Reference No. 2016-320

Dear Ms. Cosper:

PricewaterhouseCoopers LLP appreciates the opportunity to comment on the FASB’s Exposure Draft, *Technical Corrections and Improvements to Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) – Additional Corrections.*

We support the proposed technical corrections and improvements to ASC 606. We believe the amendments will help clarify the guidance and promote consistency in its application. Detailed responses to the questions for respondents are included in the Appendix.

As we’ve previously communicated, we believe the converged revenue standard is a significant achievement for financial reporting that will provide substantial benefits to both preparers and users. While we acknowledge that the needs of the constituents of the FASB and IASB may differ, we remain concerned that using different words to clarify or amend the standard will introduce additional complexity, particularly for those organizations that will have reporting obligations under both US GAAP and IFRS.

If you have any questions, please contact Patrick Durbin (973-236-5152) or Brett Cohen (973-236-7201).

Very truly yours,

PricewaterhouseCoopers LLP
Appendix

**Question 1** – The proposed amendments are intended to improve the clarity of the scope of Topic 606 for guarantees (other than product or service warranties) that are within the scope of Topic 460, Guarantees. Would the proposed amendments clarify the scope of the guidance? If not, please explain why and suggest alternatives. (Issue 1)

We support the clarification that guarantees (other than product or service warranties) within the scope of Topic 460, Guarantees, are not within the scope of Topic 606. However, we observe that not all guarantees are accounted for under Topic 460 and recommend the following changes to the proposed language in paragraph 942-825-50-2 and the basis of conclusions.

942-825-50-2: A guarantor may be required to disclose and account for a financial guarantee under Topic 460 on guarantees. See Topic 815 on derivatives and hedging for guarantees accounted for as a derivative. See paragraph 825-20-55-3 regarding disclosures about fair value of financial instruments.

BC6: As a result, an entity may account for those fees in accordance with the guidance in Topic 460. For guarantees accounted for as derivatives, entities should refer to Topic 815.

**Question 2** – The proposed amendments are intended to provide a better link between Example 38, Case B in Topic 606 and the presentation guidance in paragraphs 606-10-45-2 through 45-4. Would the proposed amendments better align the example with the guidance? If not, please explain why and suggest alternatives. (Issue 2)

Yes. We believe the proposed amendments better align Example 38 - Case B with the guidance in paragraphs 606-10-45-2 through 45-4.

**Question 3** – The proposed amendments are intended to improve the clarity of Example 40 in Topic 606 by removing the term contract liability from the journal entry in the example. Would the proposed amendments improve the clarity of the example? If not, please explain why and suggest alternatives. (Issue 3)

Yes. We believe that the proposed removal of the term contract liability will improve the clarity of the example. However, we also observe that the reference to a contract liability in paragraph 606-10-32-10 remains unclear. Therefore, we also recommend that the Board consider clarifying this reference.

**Question 4** – The proposed amendments would reinstate the guidance on accrual of advertising costs that was previously included in paragraph 340-20-25-2. Do the proposed amendments improve the clarity of the accounting? If not, please explain why and suggest alternatives. (Issue 4)

Yes. We believe that the proposed amendments clarify when an entity should recognize a liability for advertising costs.