

## **PROPOSED CONSENSUS MODIFICATION**

**Issue No.** 05-6

**Title:** Determining the Amortization Period for Leasehold Improvements Purchased after Lease Inception or Acquired in a Business Combination

**Date Discussed:** September 15, 2005

A consensus was reached in Issue 05-6 at the June 15–16, 2005 EITF meeting. However, during the deliberations of the Issue, the Task Force discussed whether the amortization period for an existing leasehold improvement should be reevaluated after the initial determination of the amortization period, but was not asked to reach a consensus. The Task Force directed the FASB staff to further develop that issue and present it to the EITF Agenda Committee for consideration as a separate Issue for the EITF Agenda.

At its meeting on August 2, 2005, the EITF Agenda Committee decided not to add the proposed issue "Reevaluation of the Amortization Period for Preexisting Leasehold Improvements to Consider Additional Renewal Periods When New Leasehold Improvements Are Placed into Service Significantly after and Are Not Contemplated at or near the Beginning of the Lease Term," to the EITF Agenda. Rather, the Agenda Committee agreed to propose that the Task Force clarify that the consensus reached at the June 15–16, 2005 EITF meeting in Issue 05-6 does not apply to preexisting leasehold improvements. Therefore, the amortization period for preexisting leasehold improvements should not be reevaluated as a result of the consensus reached in Issue 05-6 to consider additional renewal periods when new leasehold improvements are placed into service significantly after and are not contemplated at or near the beginning of the lease term.

The Task Force will be asked to modify the consensus reached in Issue 05-6 to include the following:

At the September 15, 2005 EITF meeting, the Task Force agreed to clarify that the consensus reached in Issue 05-6 does not apply to preexisting leasehold improvements. Therefore, the consensus reached in Issue 05-6 should not be used to justify the reevaluation of preexisting leasehold improvements for additional renewal periods when new leasehold improvements are placed into service significantly after and are not contemplated at or near the beginning of the lease term.