



June 16, 2009

Comment Letter
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Sir/Madam

Discussion Paper, Preliminary Views on Revenue Recognition in Contracts with Customers

The Special Task Force of the Financial Accounting Standards Committee (FASC) of Accounting Research and Development Foundation in Taiwan appreciates the opportunity to respond to the above discussion paper.

The attachments are our comments to this discussion paper. The comments are those of the Special Task Force and do not necessarily represent official opinions of the FASC.

If you have any question about our comments, please contact us via conrad@mail.ntpu.edu.tw or mushenchen@ardf.org.tw.

Sincerely Yours,

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Comments from ARDF Taiwan re Revenue Recognition, Page: 1



Attachment - Discussion Paper, Preliminary Views on Revenue Recognition in Contracts with Customers

Question 4

Do you think the Boards' proposed definition of a performance obligation would help entities to identify consistently the deliverables in (or components of) a contract? Why or why not? If not, please provide examples of circumstances in which applying the proposed definition would inappropriately identify or omit deliverables in (or components of) the contract.

Response to Question 4:

We are of the opinion that the Boards' proposed definition of a performance obligation might need a minor revision to include the circumstances for triangular-trade transactions.

Rationale:

A typical triangular-trade transaction normally involves three (or more) parties in which Party B solicits businesses from Party C yet routes the order to Party A for production activities. When Party A completes the production process, the merchandise is then delivered from Party A's production facility directly to Party C even though it is Party B that entered into a transaction with Party C. Therefore the definition of "performance obligation" might be revised to the following to cover the situation for a triangular-trade transaction:

"An entity's performance obligation is a promise in a contract with a customer to transfer an asset (such as a good or a service) to that customer or any party(ies) that that customer so designates."

Proposal:

Please see above with underline.