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August 14, 2015

Ms. Susan Cospier  
Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

Via email to [director@fasb.org](mailto:director@fasb.org)

Re: File Reference No. 2015-270

Dear Ms. Cospier,

We are pleased to comment on the Financial Accounting Standards Board's (FASB or Board) Proposed Accounting Standards Update, *Compensation—Stock Compensation (Topic 718); Improvements to Employee Share-Based Payment Accounting* (Proposal).

We are supportive of the Board's objectives to reduce cost and complexity in accounting standards by simplifying the accounting for share-based payment transactions. We are supportive of the majority of the proposed amendments as described in the Proposal, and believe they will likely reduce the level of cost and complexity associated with the accounting for share-based payment transactions. We also offer the following points for your consideration.

First, we are in agreement with the Board's proposal to amend the existing requirement to delay recognition of an excess tax benefit until the benefit is realized through a reduction to taxes payable and provide for recognition of an excess tax benefit even if an entity cannot use the deduction to reduce taxes payable in the current period. The requirement to defer recognition does not appear to be consistent with the existing GAAP requirements related to the recognition of deferred tax assets which provide that the effect of a temporary difference be recognized in the period in which it is created.

While we support most of the proposed amendments, we do not agree with the proposal to recognize excess tax benefits and deficiencies in the income statement. The granting of a stock based award results in compensation expense, and related tax effect, at the grant date. These amounts should be appropriately recognized in the income statement based on the fair value of the stock awarded on the grant date consistent with current GAAP. However, we believe the subsequent exercise of a stock based award is representative of an equity transaction and the related excess tax benefits and deficiencies arise due to the changes in fair of the award after the grant date. Given that excess tax benefits and deficiencies arise from these changes in fair value after the grant date of the award, we believe that it is more appropriate to recognize those benefits and deficiencies in equity.

Consistent with recently issued Accounting Standards Updates (ASU), that contain private company accounting alternatives, we suggest that the Board consider providing for application of the final ASU to financial statements that have yet to be issued. We liken the ASUs issued under the Board's simplification

initiative to standards issued that contain private company accounting alternatives in that they provide for a cost beneficial application of GAAP without sacrificing the quality of financial reporting. As such, we believe that entities should be allowed to apply this Proposal, once final, to financial statements that have yet to be issued.

Please contact Scott G. Lehman at (630) 574-1605 or [scott.lehman@crowehorwath.com](mailto:scott.lehman@crowehorwath.com) should you have any questions.

Sincerely,

*Crowe Horwath LLP*

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