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May 29, 2015

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

File Reference No. 2015-240

Re: Proposed Accounting Standards Update, *Revenue From Contracts With Customers (Topic 606): Deferral of the Effective Date*

Dear Ms. Cosper:

Deloitte & Touche LLP is pleased to comment on the FASB's proposed Accounting Standards Update (ASU) *Revenue From Contracts With Customers (Topic 606): Deferral of the Effective Date*.

We support the Board's proposal to defer for one year the effective date of the new revenue standard (ASU 2014-09) for public and nonpublic entities reporting under U.S. GAAP and to permit entities to early adopt the standard as of its original effective date. Such a deferral should allow us sufficient time to identify and understand the changes required by the new revenue standard, develop resources, and train our practitioners. Further, given the pervasive nature of the changes to many entities' financial statements that will result from adoption of the new revenue standard (including changes related to topics other than revenue recognition, such as cost recognition and income taxes), such a deferral would allow more time for us to dedicate the necessary resources to audit our clients' transition to the new standard.

A deferral may also allow preparers time to appropriately transition to the new standard, develop accounting policies, design internal controls, and implement any new systems or processes required. This is particularly important for preparers since the effects of implementing the new revenue standard may extend beyond financial reporting into many aspects of an entity's operation. We encourage the FASB to continue monitoring the overall implementation efforts to ensure that further delay of the effective date is not warranted. Ensuring that preparers have sufficient time to evaluate and transition to ASU 2014-09 is critical to a successful implementation of this significant and broad-reaching standard. An optimal transition process requires entities to fully understand the new standard, resolve significant accounting questions, evaluate information technology solutions as necessary, and develop processes and internal controls to properly apply the new revenue standard throughout their organizations on an ongoing basis for all periods for which the new standard is reflected in their financial statements.

Transition resources such as the FASB-IASB joint revenue recognition transition resource group and AICPA industry task forces have been an integral part of the implementation process and will remain so. We strongly support the FASB's effort to monitor entities' implementation progress, publicly address implementation questions, assist entities and auditors during transition, and continue the dialogue with the IASB.

We will continue to work closely with our clients throughout their implementation process. However, a successful audit of the application of the new standard is directly linked to the readiness of our clients. Accordingly, we encourage the FASB to continue its outreach with financial statement preparers to understand their implementation status and progression toward successful transition.

The appendix below contains our responses to the proposed ASU's questions for respondents.

We appreciate the opportunity to comment on the proposed ASU. If you have any questions concerning our comments, please feel free to contact Mark Crowley at (203) 563-2518.

Yours truly,

Deloitte & Touche LLP

cc: Robert Uhl
Eric Knachel

Appendix
Deloitte & Touche LLP
Responses to Questions for Respondents

Question 1: *Should the effective date of the guidance in Update 2014-09 be deferred for one year for public business entities, certain not-for-profit entities, and certain employee benefit plans? Please explain why.*

We support a minimum one-year deferral for public business entities, certain not-for-profit entities, and certain employee benefit plans for the reasons stated in our cover letter.

Question 2: *Should the effective date of the guidance in Update 2014-09 be deferred for one additional year for all other entities? Please explain why.*

We agree that the effective date of the guidance in Update 2014-09 should be deferred for one additional year for all other entities so that they can benefit from the implementation experiences of public business entities.

Question 3: *In addition to providing a one-year deferral of the effective date of the guidance in Update 2014-09, should the Board also provide an optional two-year deferral for all entities that apply that guidance retrospectively to each reporting period presented? Please explain why.*

We suggest that the FASB evaluate the responses from, and continue performing outreach with, financial statements preparers who would apply the standard retrospectively to determine their views on whether additional time is needed. Although we would not object to a two-year deferral if warranted, we are concerned that such an extension could potentially (1) lead entities to stop or postpone their implementation efforts (a result that would be contrary to the deferral's desired effect) and (2) further delay the effective date of other major standards (e.g., those on leasing, financial instruments, and insurance).

Regardless of whether a further deferral is warranted, it is critical that preparers actively engage in implementation activities to ensure that questions are raised and resolved timely so that the next phases of implementation (e.g., adoption of new accounting policies and internal controls and systems modifications/additions) are performed in an orderly and timely manner. In addition, continued education of all participants within the financial reporting community, including users of financial statements, is critical to ensuring an orderly transition.

Question 4: *Should earlier application of the guidance in Update 2014-09 be permitted as of the effective date originally included in Update 2014-09? Please explain why.*

We agree with the reasoning in paragraph BC11 of the proposed ASU that early adoption as of the effective date originally included in ASU 2014-09 should be permitted so that entities that are ready to implement the standard can do so without incurring the cost of maintaining parallel systems for an additional year.