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Sep. 29, 2017

The Financial Accounting Standards Board ([FASB](#)) has issued a proposed Accounting Standards Update ([ASU](#)) intended to clarify the application of the new leases guidance to land easements. Stakeholders are asked to review and provide comments on the proposed ASU by October 25, 2017.

“Since issuing our new Leases standard in 2016, the FASB has heard concerns from stakeholders about the application, cost, and complexity of the new leases guidance to land easements,” stated FASB Chairman [Russell G. Golden](#). “We encourage stakeholders to review the proposed ASU and share their views on whether they think its provisions would address the issues raised.”

Land easements (also commonly referred to as rights of way) represent the right to use, access, or cross another entity's land for a specified purpose. To address the diversity in practice that exists in how organizations currently account for land easements, this proposed ASU would clarify that land easements should be evaluated under the new leases guidance.

However, some stakeholders have pointed out that the requirement to evaluate all existing land easements not previously assessed under the existing leases guidance to determine if they meet the definition of a lease under the new leases standard would be costly and complex (for example, because of the volume and age of those easements). They also noted there would be limited benefit to applying this requirement, as many of their land easements would not meet the definition of a lease—or, even if they met that definition, many of their easements are prepaid and, therefore, already are recognized on the balance sheet.

Consequently, the proposed ASU also would address concerns about the costs and

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