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arrangements between entities under common control.

Jason Bramwell • May. 02, 2023



The Financial Accounting Standards Board (FASB) recently updated guidance for applying the lease accounting standard to arrangements between entities under common control.

During the FASB's [post-implementation review of Topic 842, Leases](#), the board heard concerns from private company stakeholders about how to apply Topic 842 to related party arrangements between entities under common control.

The biggest concerns were:

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arrangement to determine whether a lease exists and, if so, the classification of and accounting for that lease.

In addition, the ASU requires all entities, including public companies, to amortize leasehold improvements associated with common control leases over the useful life to the common control group.

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