



Post-Implementation Review—Leases

FASB | IASB Education Meeting

October 3, 2025

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Overview of FASB Post-Implementation Review (PIR)

Objectives

- Determine whether a standard is accomplishing its stated purpose
- Evaluate the selected standard's implementation and continuing compliance costs and related benefits
- Provide feedback to improve the standard-setting process

Stages

- Stage 1: Post-issuance date implementation monitoring
- Stage 2: Post-effective date evaluation of costs and benefits
- Stage 3: Summary of research and reporting

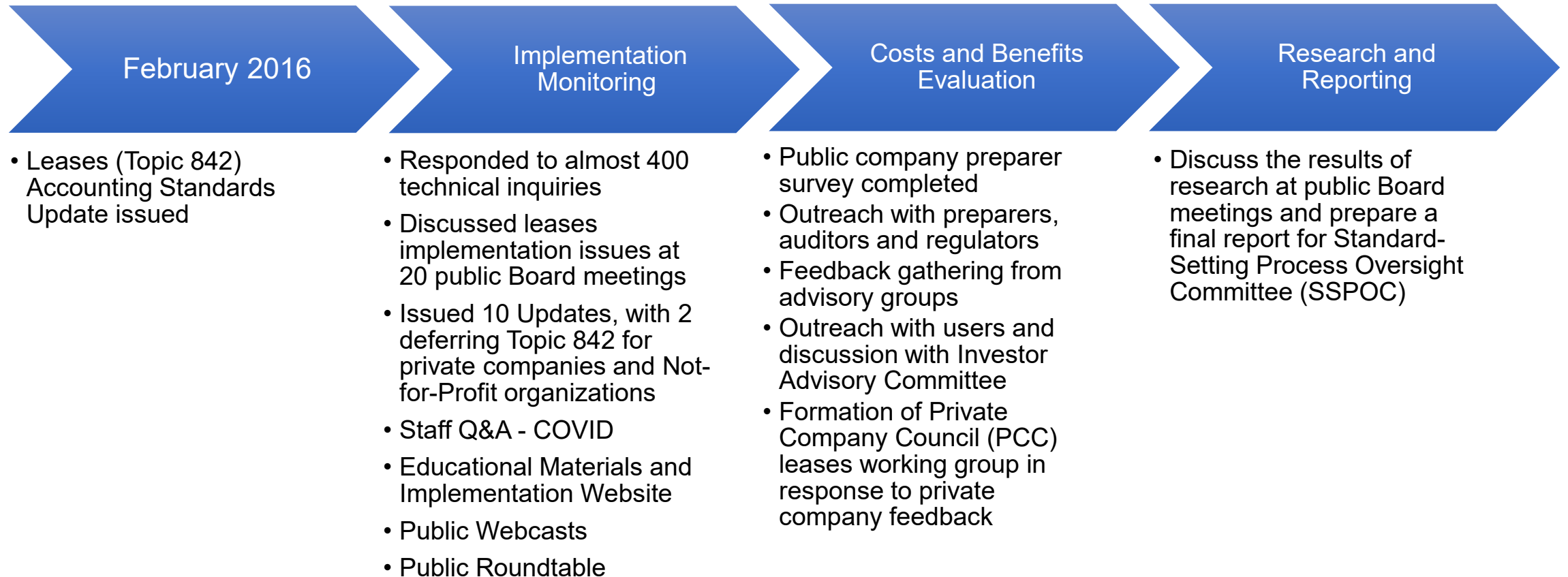
PIR Oversight

- PIR process is subject to FAF Board of Trustees' oversight
- PIR process was amended in 2020 to transition leadership of PIR projects to FASB
- FASB reports on the progress of PIR projects during public meetings and meetings with FAF Board of Trustees
- Final PIR report is published on the FAF website

Recently Completed and In Progress PIRs

- Topic 606, Revenue from Contracts with Customers
 - Completed in 2024
- Topic 842, Leases
 - Targeting completion in 2025
- Topic 326, Financial Instruments—Credit Losses
 - Targeting completion in 2026

Post-Implementation Review



Leases PIR Project—Recent and Next Steps

Board Meeting September 2025

- The Board discussed the post-implementation review (PIR) activities completed on Topic 842 and the status of the Leases PIR process.
- Link: [Board Handout](#)

Public Roundtable September 2025

- Participants: preparers—public and nonpublic entities, practitioners, investors
- Discussion purpose: Benefits and costs of the Leases standard, implementation and ongoing challenges, standard-setting activities (including the history of the Leases project)
- Link: [Roundtable Discussion Materials](#)

Board Meeting October 2025

- Board to consider roundtable feedback and areas of improvement before finalizing the PIR

PIR Activities Completed

FASB staff proactively solicited stakeholder feedback on the Leases standard, from both a lessee and lessor perspective.

Stakeholders included:

- FASB advisory groups
- Public accounting firms
- Industry groups
- Individual public and nonpublic entity preparers
- Investors and other users (for example, lenders and sureties)
- AICPA's Private Company Practices Section Technical Issues Committee
- Regulators
- Academics

Other PIR activities include:

- Surveyed public entity and nonpublic entity preparers about their experiences with implementing and applying the Leases standard
- Actively monitored agenda requests and technical inquiries for pervasive implementation or ongoing application issues
- Reviewed 33 academic studies related to the effects of the Leases standard (lessee perspective)
- Provided educational materials, implementation website, and public webcasts

Lessee—Primary Areas Raised

General Implementation Issues, Systems, and Processes

Transition

Discount Rate

Identification of a Lease, Including Embedded Leases

Specific Recognition and Measurement

Lease Modifications*

Allocating Between Lease and Nonlease Components

Sale and Leaseback, Including Built-to-Suit*

Related Party Leases

Lessor—Primary Areas Raised

Allocating Between Lease and Nonlease Components

Specific Recognition and Measurement

Interaction with Revenue Recognition Guidance

Public Entity Investors—PIR Activities and Feedback

Two investor outreach programs—2020 and 2025, in addition to users on FASB Advisory Groups

- Sell-side and buy-side analysts, credit rating agencies, and others
- Investors follow a wide range of entities in diverse industries and sectors

Mixed feedback on operating lease liabilities and assets

- Use without adjustments
- Use with adjustments
- Revert to legacy analyses (six to eight times rent expense)

Income statement—many prefer the expense recognition for both operating and finance

Statement of cash flows—diversity in the presentation of operating lease activities

Disclosures provided by the Leases standard are an improvement to those provided under legacy GAAP

Nonpublic Entity Users—PIR Activities and Feedback



Outreach conducted with users from the PCC, Not-for-Profit Advisory Committee, PCC liaison meetings, and individual outreach meetings.

- Lenders, sureties, bond rating agencies, and private equity and venture capital

Overall user feedback on report lease information:

Many nonpublic entity users—financial reporting information is decision useful

Other nonpublic entity users—financial reporting information has not provided improved benefits when compared with legacy GAAP

Changes to users' systems—some banks needed to make systems changes to accommodate the financial information resulting from the Leases standard

Lenders indicated that it took them a significant amount of time to assess the effect of the Leases standard on their clients. In some cases, covenants were amended and loans were restructured.

Feedback About Potential Opportunities for Improvements to the Standard-Setting Process

Convergence

Systems and Process
Assumptions

Disclosure Versus
Recognition

Transition Guidance

Effective Date –
Multiple Major
Standards

Thank You