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November 19, 2026

Via email to director@fasb.org

Mr. Jackson M. Day, Technical Director
Financial Accounting Standards Board
801 Main Avenue
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Revenue from Contracts with Customers (Topic 606): Consideration Payable to a Customer (File Reference No. 2026-ED700)

Dear Mr. Day,

We appreciate the opportunity to respond to the Board's proposed Accounting Standards Update on Consideration Payable to a Customer under Topic 606.

We generally support the proposed amendments. However, we recommend the Board defer the finalization of this proposed Update and consider it in conjunction with the current research project on determining whether a distinct good or service is obtained in exchange for a payment to a customer. See our detailed response to Questions 1 and 8. Assuming the Board proceeds with finalizing the proposed amendments independently of the research project, we recommend clarifications to certain aspects of the proposed amendments, as described in the Appendix.

We would be pleased to discuss our comments with the FASB staff. Please direct any questions to Angela Newell at (214) 689-5669 or Jen Kimmel at (203) 905-6284.

Very truly yours,

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Appendix

Overall

Question 1: Do you agree with the guidance on consideration payable to a customer accounted for under Topic 606 in the amendments in this proposed Update? Are the proposed amendments clear and operable? If not, what changes would you suggest? Do you anticipate any auditing challenges? Please explain why or why not.

We generally agree with the proposed amendments and believe they are clear and operable and would not create significant auditing challenges. However, we are concerned that proposed Example 32A, Case B, could have unintended consequences, as described below.

Proposed paragraph 606-10-55-254D states "the entity typically offers a $10 credit upon the first purchase of any goods listed on its platform and markets the availability of credits to first-time buyers" [emphasis added] indicating that the credits are offered across the platform to first-time buyers of any good. In this fact pattern, the example should more clearly explain why the credits are within the scope of the guidance on consideration payable to a customer and are not a marketing expense. We believe that under the current guidance and practice, broad payments or incentives offered by a platform entity that are intended to increase the use of the platform, rather than to provide a promised benefit to a specific customer, are typically classified as marketing expense. Because of the proposed example, it is hard to understand how any marketing spend by a platform that is an agent would ever **not** be within the scope of the guidance on consideration payable to a customer, which in our view would expand the scope of that guidance. If the Board intends to expand the application of the guidance on consideration payable to a customer, we recommend that it be clearly articulated in the basis and the discussion in BC10[1] be amended.

Alternatively, if the intent of the example is that the credits are only available to first-time buyers of that specific seller's products, then we agree with the conclusion but recommend clarifying the facts to avoid unintended consequences.

Additionally, we recommend the Board clarify how the platform should evaluate whether it receives a distinct good or service (for example, a marketing service) in the proposed examples. This is particularly important for Example 32A, Case B, if it is finalized as currently drafted. To that point, we note that the Board recently added a research project on determining whether a distinct good or service is obtained from a customer. Because that research project relates to the application of the guidance on consideration payable to a customer, we recommend the Board combine its efforts for this proposed Update with that project. We do not believe this proposal addresses an urgent issue that has not already been addressed in practice (as inferred from BC10). Therefore, we recommend the Board defer the finalization of this proposed Update until

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[1] BC10 states that "*the Board expects that, generally, the proposed amendments would be consistent with current practice.*"

the Board has considered the research feedback and decided whether standard-setting is necessary related to the concept of a "distinct" good or service. If further standard-setting is necessary to clarify "distinct", we believe that project should be combined with the amendments proposed under this proposed Update. Combining the projects would prevent potential duplicative implementation costs for entities who need to evaluate a significant volume of complex contracts with payments to customers or others within the distribution chain and would provide for a more holistic approach to improving the guidance on consideration paid to a customer.

Question 2: The Board expects that the proposed amendments would primarily affect entities that make payments on behalf of a customer or to a customer of an entity's customer that is outside the entity's direct distribution chain, such as entities operating on a platform. Do you agree with the Board's assessment of the arrangements and entities expected to be affected by the proposed amendments? If not, what other arrangements or entities may be significantly affected or would not be affected but should be considered? Please explain.

We generally agree with the Board's assessment of the arrangements and entities expected to be affected. We believe the proposed amendments would be an improvement in terms of clarifying the scope of the guidance on consideration paid to a customer, to a customer's customer, or on behalf of a customer. However, we are aware of complex fact patterns, often involving more than three parties, where significant judgment will still be required. For example, consider a platform that connects pharmacies with discount drug card providers to provide patients with the lowest prescription price. While the patient is the end customer, often a third-party insurer is the party remitting payment, and it is challenging to identify whether payments made by the platform to pharmacies or discount drug providers are in the scope of the guidance on consideration payable to a customer.

Question 3: The Board expects that the proposed amendments may result in a reclassification of amounts between expense and revenue. Do you expect that the proposed amendments could have other effects, such as changes to the timing or measurement of revenue or expense? Please explain why or why not and describe any other potential effects.

We expect that the primary effect of the proposed amendments would be reclassification between expense and revenue. However, it is possible that in some scenarios the timing of recognition would be affected. For example, if an expense that is currently recognized at a point in time is reclassified as contra-revenue for a service that is provided over time, the timing of recognition of revenue would be different (based on the guidance in ASC 606-10-25-27 and ASC 606-10-32-27). If that contract includes multiple performance obligations, allocation of the contra-revenue amount to multiple performance obligations could also affect the timing of recognition.

Additionally, certain upfront payments to customers are recognized as a reduction of revenue over the current contract and/or expected future contracts with a customer[2]. If an amount that is currently classified as expense is accounted for as a reduction of revenue over the current contract and expected future contracts with a customer, that could also affect the timing of recognition.

Negative Revenue

Question 4: Negative revenue can arise when consideration payable to a customer reduces revenue in an amount that exceeds consideration received from the customer (see paragraph BC20 for additional background information). Would the proposed amendments increase the prevalence of negative revenue? If so, how pervasive and material would negative revenue be in practice, and should the Board consider standard-setting efforts to address negative revenue? Please explain why or why not.

The proposed amendments could increase the prevalence of negative revenue because certain payments currently presented as expenses may be presented as reductions of revenue. Although we do not expect negative revenue to be pervasive or material for established entities, it may arise more frequently for newer platforms or other entities who provide significant customer incentives and/or enter into advertising arrangements while selling their products to large retailers (for example, Amazon or Costco). We have seen multiple practice issues related to the presentation of negative revenue and recommend that the Board address the topic.

If the Board were to pursue standard setting on negative revenue:

a. Should negative revenue be presented as expense in some or all circumstances? If so, should expense presentation be required or optional?

We believe amounts that otherwise would result in negative revenue should be presented as expense rather than as a reduction of revenue, consistent with ASC 605 (specifically, EITF 01-9). Expense presentation should be required and accompanied by disclosure when significant so that users understand that the expense results from consideration payable to a customer exceeding revenue from that customer.

b. What unit of account should be used to assess negative revenue—for example, the contract level or the customer level?

We believe the customer relationship generally is the appropriate unit of account for assessing negative revenue because individual contracts may be loss leaders or reflect investments intended to preserve a broader or future customer relationship.

[2] This approach was discussed by the Transition Resource Group (TRG) for Revenue Recognition, see TRG revenue memo 59.

c. If negative revenue is assessed on a cumulative basis, how should the cumulative amount be determined—for example, from inception of the customer relationship or on a year-to-date basis?

We believe an inception-to-date assessment of the customer relationship is conceptually appropriate, but it may be operationally burdensome to prepare and audit, particularly for long-standing customer relationships. Therefore, we recommend that the Board consider a practical approach, such as a year-to-date or other reasonably limited lookback period.

d. Would disclosures about negative revenue be decision useful? If so, what information should be disclosed? Would the expected benefits of such a disclosure justify its expected costs?

We defer to investors on information needed and its decision usefulness. We defer to investors and preparers on whether the expected benefits of additional disclosures would justify the costs.

Transition and Effective Date

Question 5: The proposed transition requirements would allow entities to apply the proposed amendments on a modified prospective basis to payments made or promised after the adoption date or on a modified retrospective basis to payments made or promised after the beginning of the earliest period presented in the financial statements that include the adoption of the proposed amendments.

a. Are the proposed transition requirements clear and operable? Please explain why or why not. If not, what transition method would be more appropriate and why?

We believe the proposed transition requirements are clear and operable.

b. The proposed transition requirements would apply to payments that are made or promised, rather than to contracts. Do you agree with using payments made or promised for applying the proposed amendments under the transition methods? Is this approach clear and operable? Please explain why or why not. If not, what alternative approach should the Board consider and why?

We agree with applying the transition requirements to payments made or promised rather than to contracts. This approach is clear and operable. Additionally, see our response in Question 3 – additional transition consideration may be needed for scenarios where the timing of recognition is affected.

c. Which transition method do you anticipate entities electing to apply the proposed amendments? Is it necessary and/or beneficial to provide an option for a modified prospective application? Please explain why or why not.

We defer to preparers on the transition method they expect to elect. We believe that the modified prospective method would be less burdensome and costly. However, we support retaining both transition options because modified retrospective application may provide more

comparable trend information when the effect of adoption is material while modified prospective method is operationally simpler.

d. For investors, would one of the transition approaches provide more decision-useful information than the other? Would the transition disclosures be decision useful? Please explain why or why not.

We defer to investors.

Question 6: How much time would be needed to implement the proposed amendments? Should the effective date for entities other than public business entities be different from the effective date for public business entities? Please explain why or why not. If so, how much additional time would you recommend for entities other than public business entities?

We do not expect entities to require significant time to implement the proposed amendments because the proposal is narrowly focused and generally codifies current practice. However, implementation time may increase for entities with a high volume of complex arrangements, if adoption results in a change in timing of recognition, or if the Board adds guidance on negative revenue. We do not believe a delayed effective date for entities other than public business entities is necessary, but we would not object to one additional year if early adoption is permitted.

Question 7: Early adoption of the proposed amendments would be permitted. Do you agree that early adoption should be permitted? Do you agree that an entity that adopts the proposed amendments in an interim period should be required to adopt them as of the beginning of the annual reporting period that includes that interim reporting period? Please explain why or why not.

We agree that early adoption should be permitted because it allows entities to apply improved guidance before the mandated effective date. We also agree with the approach proposed for adoption in an interim period because it results in the application of consistent accounting policies to similar transactions within the same fiscal year.

Benefits and Costs

Question 8: Would the expected benefits of the proposed amendments justify the expected costs? If not, please describe the nature and magnitude of those costs, differentiating between one-time costs and recurring costs.

We believe the expected benefits of the proposed amendments would justify the expected costs because clearer guidance should reduce interpretation costs and diversity in practice. However, judgment and diversity may continue in complex arrangements, and as noted in our response to Question 1, the Board should coordinate this proposed Update with its research on determining whether a distinct good or service is obtained from a customer to avoid potentially duplicative implementation costs in a short period of time.

Finally, we recommend that the Board reconcile the statements in paragraphs BC10, BC13, and BC16 that the proposal addresses diversity in practice but is also generally consistent with current practice.