

**Organismo Italiano di Contabilità – OIC (The Italian
standard setter)**

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Mr. Reinhard Biebel
Project Manager EFRAG
Avenue des Arts 41
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Re : IFRIC Draft interpretation D3: Determining whether an Arrangement contains a Lease

Dear Reinhard ,

We are pleased to provide our comments on the draft interpretation D3 of IFRIC, dealing with *Determining whether an Arrangement contains a Lease*.

1. We agree with the IFRIC D3 objective to apply the provisions of IAS 17 (Leases) to those arrangements which give the purchaser the right to use a specific item or items for a specified period of time in return of contractually determined payments. We also concur with the criteria set forth in points 6 (a), 6 (b) and 6 (c) of the exposure draft, all three criteria of which should be met to determine that an arrangement contains a lease.

2. We concur with the underlying assertion that the core of the arrangement consists of the right to use the item or items (excluding others from using the item) rather than the underlying asset.

3. We believe that with the enforcement of D3 several arrangements presently accounted for on the basis of their legal form will fall within the provisions of IAS 17 and, accordingly, will have to be accounted for based on their substance; however, it is probable that a number of such arrangements will include items which only in part could be considered as leases (see paragraph 3, e.g. "the right to use 50 per cent of the capacity of a pipeline"). We understand that ED3 does not intend to deal with the issue of how to determine if and when the right to use a component of a larger item should be accounted for as a lease; nevertheless, since ED3 recognizes that in some cases the treatment of a component of a larger item as a lease might be appropriate, we would appreciate some guidance in this respect.

4. Separating payments for the leases from other payments. We agree that each component of a payment should be accounted for in accordance with the respective relevant accounting standard, even when the separation of such elements requires an estimate. We also believe that paragraphs 10 a) and 10 b) are appropriate in those cases where such separation result impracticable; however, we suggest that, in addition to the disclosures required by ED3, the reasons which caused the impossibility to separate the payment components be also disclosed.

Should you like further clarification as to the above comments, we would be glad to discuss them further with you.

Yours sincerely,

Prof. Angelo Provasoli
(OIC – Chairman