Interpretation of the Emerging Accounting Issues Working Group

INT 01-12: EITF 00-14: Accounting for Certain Sales Incentives

ISSUE DEEMED NOT APPLICABLE TO STATUTORY ACCOUNTING MOVED TO INT 99-00

INT 01-12 Dates Discussed

December 4, 2000; March 26, 2001

INT 01-12 References

None

INT 01-12 Issue

1. Existing generally accepted accounting principles do not provide specific guidance on the accounting for sales incentives many companies offer

4. The issues are:

Issue 1 - For a sales incentive offered voluntarily by a vendor and without charge to customers that can be used in, or that becomes exercisable by a customer as a result of, a single exchange transaction and that will not result in a loss on the sale of a product or service, when to recognize and how to measure the cost of the sales incentive

Issue 2 - For a sales incentive offered voluntarily by a vendor and without charge to customers that can be used in, or that becomes exercisable by a customer as a result of, a single exchange transaction and that will result in a loss on the sale of a product or service, when to recognize and how to measure the cost of the sales incentive

Issue 3 - For a sales incentive offered voluntarily by a vendor and without charge to customers that can be used in, or that becomes exercisable by a customer as a result of, a single exchange transaction, how the cost of the sales incentive should be classified in the income statement.

INT 01-12 Discussion

5. The working group reached a consensus to reject the consensus positions of *EITF 00-14, Accounting for Certain Sales Incentives* as most insurance companies are specifically prohibited by state statute from entering into the transactions described in this issue (e.g.; rebating).

INT 01-12 Status

6. No further discussion planned.

