



**The Japanese Institute of
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International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

**Comments on Exposure Draft of Proposed Amendments to
IAS 23 “Borrowing Costs”**

Dear Sir/Madam,

The Japanese Institute of Certified Public Accountants are pleased to comment on the Exposure Draft of Proposed Amendments to IAS 23 “Borrowing Costs”.

Response to Question 1

We agree with the proposal to eliminate the option in IAS 23 of recognizing immediately as an expense borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.

However, we believe a special consideration for cases where land is a qualifying asset is necessary, because land does not depreciate, so the effects on the income statement for subsequent periods are largely different from those in cases of capitalization of interest for depreciable assets. Accordingly, we believe that some limits should be put on capitalization of borrowing costs for acquisition of land held as a fixed asset. We suggest that borrowing costs for acquisition of land acquired in connection with construction of structures such as plant be included in the cost of those structures, similarly to the matters stated in paragraph 11 of SFAS 34 “Capitalization of Interest Cost”.

Yours faithfully,

Satoshi Komiyama
Executive Board Member—Accounting Standards
The Japanese Institute of Certified Public Accountants