

Interpretation of the Emerging Accounting Issues Working Group**INT 99-17: EITF 97-12: Accounting for Increased Share Authorizations in an IRS Section 423 Employee Stock Purchase Plan under APB Opinion No. 25****ISSUE NULLIFIED BY SSAP NO. 104****INT 99-17 Date Discussed**

June 7, 1999; October 4, 1999

INT 99-17 References

SSAP No. 13—Stock Options and Stock Purchase Plans (SSAP No. 13)

INT 99-17 Issue

1. For GAAP purposes, stock purchase plans are accounted for in accordance with the provisions of APB Opinion No. 25, *Accounting for Stock Issued to Employees*, (APB No. 25). EITF 97-12, *Accounting for Increased Share Authorizations in an IRS Section 423 Employee Stock Purchase Plan under APB Opinion No. 25*, (EITF 97-12), provides an interpretation on the classification (compensatory or noncompensatory) of additional shares granted (above the initial authorization) under a Section 423 plan. For statutory purposes, the APB No. 25 classification requirements of a stock purchase plan were adopted in paragraph 3 of SSAP No. 13.

INT 99-17 Discussion

2. The working group reached a consensus that EITF 97-12 should be adopted to require that additional shares granted in a stock purchase plan be classified as compensatory or noncompensatory at the grant date of the additional shares. If the discount at that date does not meet the fair value discount criterion in paragraph 3.d. of SSAP No. 13, then the new grant would be treated as a compensatory award under SSAP No. 13, which would result in compensation cost.

INT 99-17 Status

3. No further discussion is planned.