


# Subscription Based Information Technology Arrangements (SBITA)

Also known as GASB 96

ITFMA 2025  
San Antonio



- Governmental Accounting Standards Board (GASB)

- Provides accounting standards for public entities to ensure consistency and transparency.

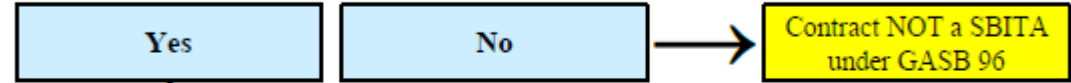
# GASB 96

- This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. (<https://gasb.org/page/pronouncement?pageId=/standards-and-guidance/pronouncements/summary-statement-no-96.html>)

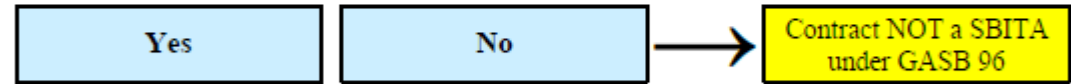
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### Flowchart for Determining if GASB 96 Applies to a Contract

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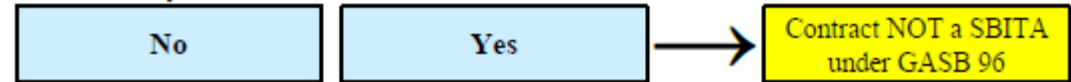


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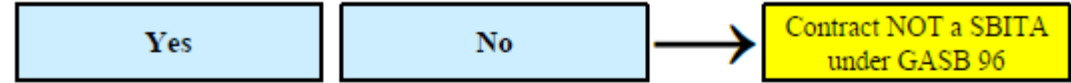
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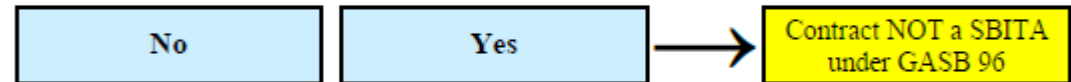
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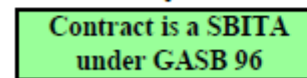


Note: GASB 96 paragraph 7 states that a contract conveys control of the right to use the underlying asset if it has both the right to obtain the present service capacity from use of the underlying asset as specified in the contract and the right to determine the nature and manner of use of the underlying asset as specified in the contract.

5) Is the contract a short-term SBITA?



Note: A short-term SBITA is a SBITA that has a maximum possible term of 12 months (or less), including any options to extend, regardless of their probability of being exercised. The maximum possible term is the noncancelable period. The cancelable period is the period which both the government and SBITA have the option to terminate the SBITA without permission from the other party. These include a rolling month-to-month or a year-to year SBITA.



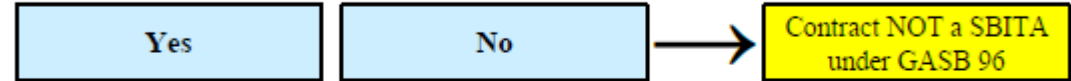
#### Resources

[GASB Statement No. 96, SBITAs](#)

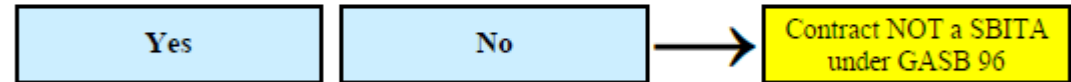
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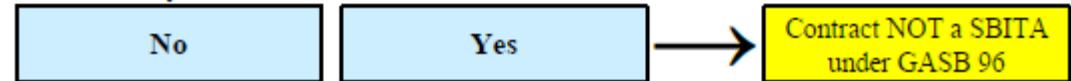


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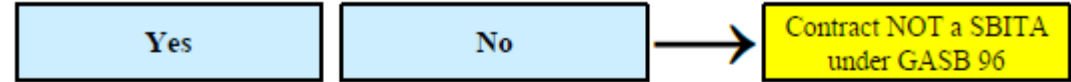
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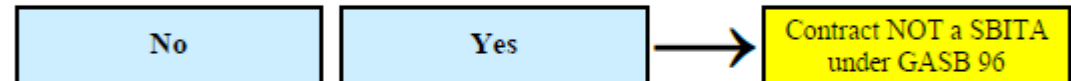
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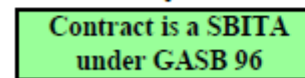


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#### Resources

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# What is SIGNIFICANT?

- Software Drivers
- Marketing Material for Hardware (Graphics are for a Dell Server \$500K Equipment)

## Data that drives smarter IT decisions

Discover, assess, and modernize your entire infrastructure with Dell Live Optics – from core to cloud to edge.

[Get Started](#)



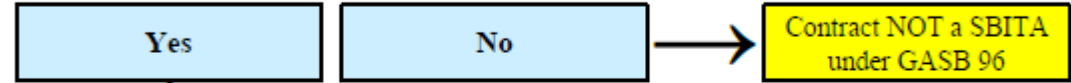
## Systems management

Manage PowerEdge servers across virtual, physical, local, and remote environments with intuitive tools that leverage task automation, predictive analytics, and proactive monitoring. These comprehensive tools simplify operations, enabling IT teams to focus on innovation.

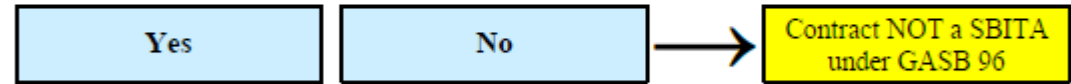
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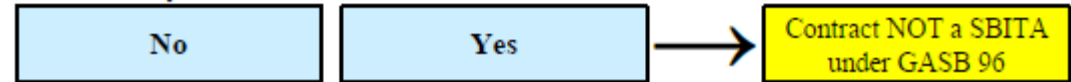


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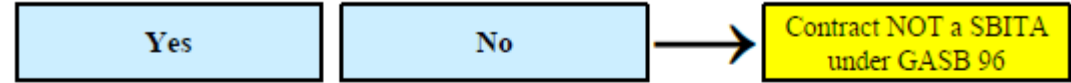
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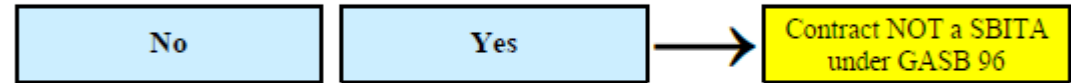
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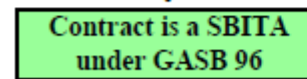


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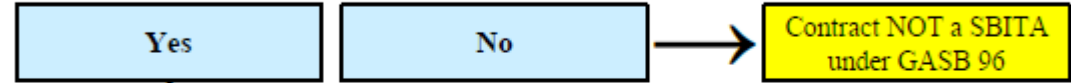
# Software & Support

- All hardware purchases seem to require software and support.
- Should purchases for hardware software and support be isolated?

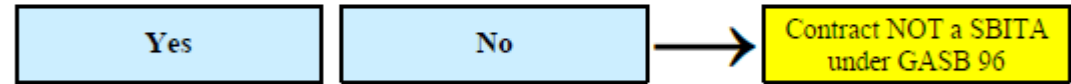
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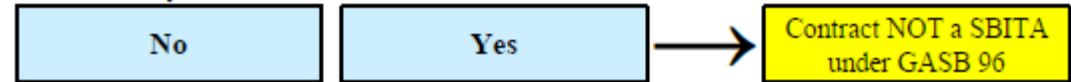


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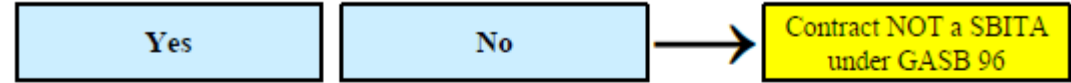
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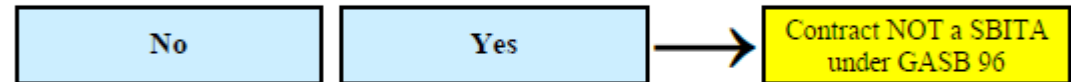
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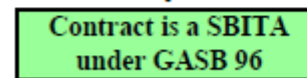


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# Right to Use

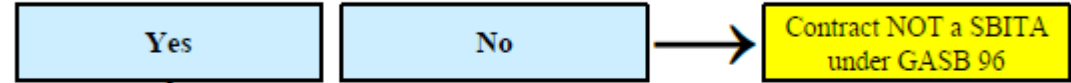
- What is right to use?
- What does it mean to determine the manner and use of a product?
- “Determining whether there is a right to obtain the present service capacity is an easier assessment than determining if there is a right to determine the nature and manner of use of the underlying IT assets. When assessing whether there is a right to determine the nature and manner of use of the IT asset, consider if *modifications can be made to the programming to better fit your needs or if you can determine the data collected or how it is displayed*. Control could be conveyed by being able to control who, how and when the software is used, such as who has access to the software or what devices it is downloaded on, etc. These are just a few scenarios of how control may be conveyed over the nature and manner of use of an IT asset. Each contract has to be evaluated based on the rights conveyed as specified in the contract and there may be some professional judgment involved.”

[GASB 96: SBITA frequently asked questions | Baker Tilly](#)

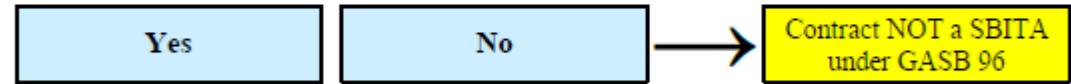
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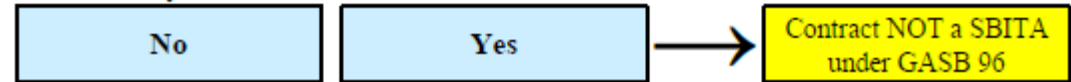


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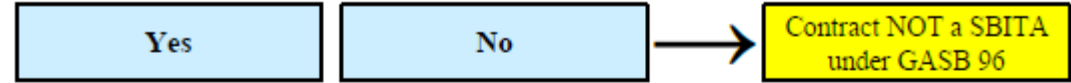
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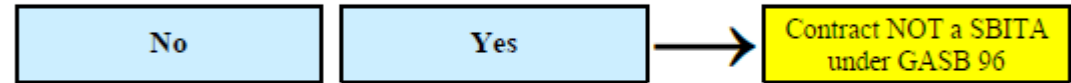
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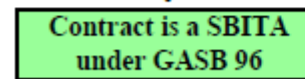


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# Short term V Long Term

- Short Term vs Long Term
- Multiple Component
- Liability is established when it is placed in service
- True ups
- Dollar limits (above/below an amount)

### 3.4.21.21 Perpetual License versus Subscription

- Perpetual license arrangements are indefinite, whereas SBITAs are for a finite period of time. With a perpetual license, the software is directly downloaded onto the government's computer or servers. After the software is paid for, the government will never lose access to the software (it can be accessed perpetually).
- A subscription contract requires a monthly or annual fee to continue to access the software. If the subscription fee is not paid, the government will lose access to the software. A subscription contract with indefinite renewal periods, is not the same as a perpetual license.
- One way to determine whether it is a perpetual license or a subscription based contract is to ask: "Can I still log in and access the IT software after the engagement term ends?" If the answer is "no," it is not a perpetual license, and the contract should be further evaluated to determine if it meets the definition of a SBITA.
- Many SBITA contracts have automatic annual renewals. In most cases at each renewal date, the SBITA vendor and the government can cancel the contract. If both parties can cancel the contract, any periods covered by the renewal terms are considered cancellable periods. Cancellable periods are always excluded from the maximum possible subscription term.
- For example, if a government has a one-year SBITA contract for their online teleconferencing and the contract automatically renews each year, and both the SBITA vendor and government can cancel at each renewal, then the maximum possible term is only 1 year because the renewal periods are cancellable periods and excluded from the maximum possible term. This would be considered a short-term SBITA

(sao.wa.gov)



Round Table

Review Examples