

April 22, 2013

Ms. Susan M. Cospers  
Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

By e-mail: [director@fasb.org](mailto:director@fasb.org)

**Re: Proposed Accounting Standards Update – Income Taxes (Topic 740): *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward or Tax Credit Carryforward Exists (a consensus of the FASB Emerging Issues Task Force)***

**(File Reference No. EITF-13C)**

Dear Ms. Cospers:

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 28,000 CPAs in public practice, industry, government and education, welcomes the opportunity to comment on the above captioned exposure draft.

The NYSSCPA's Financial Accounting Standards Committee deliberated the exposure draft and prepared the attached comments. If you would like additional discussion with us, please contact J. Roger Donohue, Chair of the Financial Accounting Standards Committee at (917) 887-7809, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

  
Gail M. Kinsella  
President

Attachment



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**NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS**

**COMMENTS ON**

**PROPOSED ACCOUNTING STANDARDS UPDATE – INCOME TAXES (TOPIC 740):  
PRESENTATION OF AN UNRECOGNIZED TAX BENEFIT WHEN A NET  
OPERATING LOSS CARRYFORWARD OR TAX CREDIT CARRYFORWARD  
EXISTS (A CONSENSUS OF THE FASB EMERGING ISSUES TASK FORCE)**

**(FILE REFERENCE NO. EITF-13C)**

**April 22, 2013**

**Principal Drafters**

**J. Roger Donohue  
Margaret Ann Wood**

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Ernest J. Markezin

**New York State Society of Certified Public Accountants**

**Comments on**

**Proposed Accounting Standards Update – Income Taxes (Topic 740): *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward or Tax Credit Carryforward Exists (a consensus of the FASB Emerging Issues Task Force)***

**General Comments**

The Financial Accounting Standards Committee of the New York State Society of Certified Public Accountants has reviewed the Proposed Accounting Standards Update, Income Taxes (Topic 740), *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward or Tax Credit Carryforward Exists (a consensus of the FASB Emerging Issues Task Force)* (the Update). We agree that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the statement of financial position as a reduction to a deferred tax asset for a net operating loss carryforward or a tax credit carryforward. We also agree with the exception that to the extent that a net operating loss carryforward or tax credit carryforward at the reporting date is not available under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position, the unrecognized tax benefit would be presented in the statement of financial position as a liability.

**Specific Comments**

We have the following responses to Questions 1-3 provided in the Update. We have not responded to Question 4, which is for preparers:

**Question 1: Do you agree with the proposed approach for the presentation in the statement of financial position of unrecognized tax benefits when net operating loss carryforwards or tax credit carryforwards exist? If not, what approach do you prefer and why?**

**Response:** We agree with the proposed approach for the presentation and believe that the proposal will eliminate the diversity in practice that currently exists.

**Question 2: Do you agree that no new recurring disclosures about the presentation of unrecognized tax benefits should be required? If not, what disclosures would be appropriate?**

**Response:** Yes, we agree that no new recurring disclosures should be required.

**Question 3: Do you agree that the proposed Update should be adopted retrospectively? If not, why not?**

**Response:** We agree the proposed Update should be applied retrospectively. We believe the information required to apply the proposed Update retrospectively is available.