

September 19, 2016

Ms. Susan M. Cospers  
Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. 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): Disclosure Framework—Changes to the Disclosure Requirements for Income Taxes***

**(File Reference No. 2016-270)**

Dear Ms. Cospers:

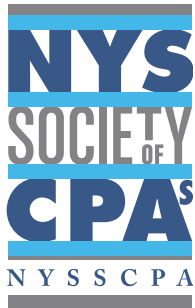
The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 26,000 CPAs in public practice, business, government and education, welcomes the opportunity to comment on the above-captioned exposure draft.

The NYSSCPA's Financial Accounting Standards Committee deliberated the proposed accounting standards update and prepared the attached comments. If you would like additional discussion with us, please contact Craig T. Goodman, Chair of the Financial Accounting Standards Committee, at (212) 324-7048, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

F. Michael Zovistoski  
President

Attachment



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

**COMMENTS ON**

**PROPOSED ACCOUNTING STANDARDS UPDATE—*INCOME TAXES (TOPIC 740):  
DISCLOSURE FRAMEWORK—CHANGES TO THE DISCLOSURE REQUIREMENTS  
FOR INCOME TAXES***

**(File Reference No. 2016-270)**

**September 19, 2016**

**Principal Drafters**

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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): Disclosure Framework—Changes to the Disclosure Requirements for Income Taxes***

**(File Reference No. 2016-270)**

#### **General Comments**

We welcome the opportunity to respond to the Financial Accounting Standards Board's (FASB or the Board) invitation to comment on the Proposed Accounting Standards Update—*Income Taxes (Topic 740): Disclosure Framework—Changes to the Disclosure Requirements for Income Taxes* (Proposed Update).

#### **Specific Comments**

We have the following responses to the questions posed in the Proposed Update.

**Question 1: Would the proposed amendments result in more effective, decision-useful information about income taxes? Please explain why or why not. Would the proposed amendments result in the elimination of decision-useful information about income taxes? If yes, please explain why.**

**Response:** We believe that the proposed amendments would result in more effective and decision-useful information by requiring descriptions of the impact of future changes in tax laws and explaining the factors that led to a change in the reporting entity's assertion about the indefinite reinvestment of undistributed foreign earnings. We do not believe that the proposed amendments would eliminate any decision-useful information about income taxes.

**Question 2: Are the proposed disclosure requirements operable and auditable? If not, which aspects pose operability or auditability issues, and why?**

**Response:** We believe the proposed disclosure requirements are operable and auditable. The description of changes in circumstances that caused a change in the assertion about the indefinite reinvestment of undistributed earnings is entity specific, which may pose audit challenges. However, requirements for supporting those assertions exist in current standards to which auditors of reporting entities are accustomed to auditing under current GAAP.

**Question 3: Would any of the proposed disclosures impose significant incremental costs? If so, please describe the nature and extent of the additional costs.**

**Response:** Substantially all of the necessary information to comply with the new disclosure requirements is already available and determined as part of applying existing income tax accounting standards.

**Question 4: The Board is proposing that reporting entities disclose income taxes paid for any foreign country that is significant to total income taxes paid. The Board also considered requiring disclosure by significant country of income (or loss) from continuing operations before income tax expense (or benefit) and income tax expense (or benefit) from continuing operations but decided that this disclosure would be costly and potentially not beneficial in assessing prospects for cash flows related to income taxes (see paragraph BC22 of this proposed Update). Are there other costs or benefits that the Board should consider regarding these potential disclosures? Are there other country-level disclosures that the Board should consider that may be more cost beneficial?**

**Response:** We do not believe additional disclosure is required.

**Question 5: The Board considered several disclosures on indefinitely reinvested foreign earnings (see paragraphs BC27–BC40 of this proposed Update). Is there other information that the Board should consider regarding these potential disclosures? Are there other disclosures about indefinitely reinvested foreign earnings that would be more cost beneficial?**

**Response:** We do not believe there is other information that the Board should consider regarding these potential disclosures nor are there other disclosures about indefinitely reinvested foreign earnings that would be more cost beneficial. We note the timeliness of this evaluation in view of recent findings of the European Commission of the European Union related to the tax affairs of Apple, Inc. and other large multinational corporations. We believe the current guidance in uncertain tax positions is effective in ensuring that appropriate disclosures are made to the users of financial statements.

**Question 6: The proposed amendments would apply to all entities, except for the requirements in paragraphs 740-10-50-6A through 50-6B, 740-10-50-12, and 740-10-50-15A for which entities other than public business entities would be exempt. Do you agree with the exemption for entities other than public business entities? If not, please describe why and which disclosures should be required for entities other than public business entities.**

**Response:** We agree with this exemption.

**Question 7: Are there any other disclosures that should be required by Topic 740 on the basis of the proposed Concepts Statement or for other reasons? Please explain why.**

**Response:** No, we do not believe there are any other disclosures that should be required.

**Question 8: Are there any other disclosure requirements retained following the review of Topic 740 that should be removed on the basis of the proposed Concepts Statement or for other reasons? Please explain why.**

**Response:** No, following the review of Topic 740, we do not believe that any retained required disclosures should be removed.

**Question 9: Should the proposed disclosures be required only for the reporting year in which the requirements are effective and thereafter or should prior periods be restated in the year in which the requirements are effective? Please explain why.**

**Response:** Disclosures for prior periods should be retrospectively adjusted in the year of adoption to conform to the proposed amendment.

**Question 10: How much time would be needed to implement the proposed amendments? Should the amount of time needed to implement the proposed amendments by entities other than public business entities be different from the amount of time needed by public business entities? Should early adoption be permitted? If the answer is “yes” to either question, please explain why.**

**Response:** We believe that, in most cases, the information is already prepared as part of the reporting entities' current income tax accounting practices and therefore do not expect that significant incremental time would be needed to implement the proposed amendment. We do not believe that additional time should be provided to entities other than public business entities to implement the proposed standards, and we do not believe that early adoption should be permitted.