







temporary difference for which the deferred taxes in the buying entity's tax jurisdiction need to be measured in the consolidated financial statements. Deferred taxes in the local jurisdiction often are accounted for by the subsidiary or branch in that jurisdiction, and the personnel at that location may not know the carrying amount of the asset in the consolidated financial statements after elimination of intra-entity profits. Accordingly, the parent entity or the subsidiary or branch (or both) may need to establish new processes to account for the deferred taxes on the temporary difference in the buyer's jurisdiction.

The implementation costs for frequent or routine intra-entity transfers may be more significant, which the Board will need to consider in its cost-benefit analysis.

We believe that the ongoing costs of applying the proposed guidance will be similar to the costs of applying current GAAP or potentially even be lower because there will be fewer questions about how to account for the tax consequences of these intra-entity asset transfers.