



September 30, 2016

Technical Director
Financial Accounting Standards Board
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Via e-mail – director@fasb.org

Re: File Reference No. 2016-270. Proposed Accounting Standards Update: Income Taxes (Topic 740): *Disclosure Framework – Changes to the Disclosure Requirements for Income Taxes*.

Plante & Moran, PLLC is pleased to offer comments on the above referenced Exposure Draft. We support the efforts of the Financial Accounting Standards Board (Board) to improve the effectiveness of disclosures related to income taxes. Following, please find our responses to the specific Questions for Respondents 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 1: We agree the proposed amendments would provide financial statement users with more effective, decision-useful information on income taxes. We believe the additional disclosures will help financial statement users to better understand an entity's financial results, and will result in reduced diversity in practice in income tax disclosures. In particular, we believe requiring disaggregation of income tax expense and income taxes paid, between domestic and foreign operations, will provide financial statement users with additional decision-useful information.

We do not believe the proposed amendments will result in the elimination of decision-useful information about income taxes.

While we support the additional information required by the proposed amendments, we believe the required disclosures related to legally enforceable agreements with a government should be consistent with the decisions reached in the Board's project on *Disclosures by Business Entities about Government Assistance*. As such, we recommend the Board evaluate the decisions reached in this project with those decisions made in connection with the Government Assistance project.

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

Response 2: We believe the proposed disclosure requirements are operable and auditable. Most of the information needed to make the additional disclosures is information an entity would already accumulate for filing its income tax returns. Therefore, we do not believe the proposed amendments will result in significant obstacles for preparers or auditors.

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 3: We do not believe the proposed disclosures would impose significant incremental costs. Substantially all of the information required to provide the additional disclosures is needed in order for entities to prepare their income tax returns. Therefore, we do not believe there will be significant costs associated with making the disclosures in the proposed Update.

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 4: We agree with the decisions reached by the Board regarding country-level disclosures. We believe the proposed disclosures provide decision-useful information to financial statement users without imposing significant incremental costs to preparers.

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 5: We agree with the decisions reached by the Board regarding disclosures related to indefinitely reinvested foreign earnings. We believe the proposed disclosures provide decision-useful information to financial statement users without imposing significant incremental costs to preparers.

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 6: We agree with the exemption for entities other than public business entities. We believe the costs required to provide these disclosures would exceed the benefit for financial statement users for entities other than public business entities. In our experience, financial statement users for entities other than public business entities generally have access to management, and would be able to obtain the information in the disclosures identified above in situations where they require that information. Given this, we agree with the exemption for entities other than public business entities.

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 7: We do not believe there are additional disclosures which should be added to Topic 740 beyond those included in the proposed amendments.

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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 8: We do not believe there are required disclosures in Topic 740 that should be removed. The Board has made clear in the proposed amendments that if there are disclosures required in Topic 740 which are immaterial to financial statement users, an entity would not be required to make those disclosures. We believe an approach of allowing entities to exclude immaterial disclosures is better than removing additional required disclosures from Topic 740.

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 9: We believe the disclosures for prior periods should be restated in the year the requirements are effective. We believe it is important for the additional disclosures to be comparative in order to provide decision useful information to financial statement users.

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 10: We do not believe the proposed amendments will require a significant amount of time to implement. We believe most of the information required to be disclosed is already available to preparers, as it is needed in order to prepare an entity's income tax returns. As we do not believe significant amounts of additional information will be required to be accumulated, we do not believe entities other than public business entities would need additional time to adopt the proposed amendments.

We believe that early adoption should be permitted. As the proposed amendments will not result in a change in accounting for income taxes, only a change in disclosure, we do not see any reason to prohibit entities from early adopting the proposed amendments.

Thank you again for the opportunity to comment on this exposure draft. We would be pleased to respond to any questions the Board or its staff may have about these comments. Please direct any questions to David Grubb at david.grubb@plantemoran.com or at 248.223.3745.

Very truly yours,

PLANTE & MORAN, PLLC