



# Bristol-Myers Squibb

September 30, 2016

Technical Director  
File Reference No. 2016-270  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, Connecticut 06856-5116

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

Dear Technical Director:

Thank you for the opportunity to respond to the Exposure Draft *Income Taxes (Topic 740) Disclosure Framework – Changes to the Disclosure Requirements for Income Taxes* (hereafter the “Proposed Guidance”). Bristol-Myers Squibb Company (“BMS”) is a U.S. based Fortune 500 global specialty biopharmaceutical company with total revenues of \$16.6 billion in 2015 and total assets of \$31.7 billion as of December 31, 2015.

While BMS continually supports the Board’s overall efforts in the disclosure framework project to improve the effectiveness, understandability and comparability of financial information, we do not fully support the Proposed Guidance to significantly change the disclosure requirements for income taxes. Specifically, we believe the Proposed Guidance will not improve the effectiveness of disclosures around income taxes because:

- Many of the new income tax disclosures being suggested under the Proposed Guidance appear to go well beyond the scope of the three key items identified by the Post-Implementation Review (PIR) of Statement 109 that financial statements might not currently be detailed enough with respect to income taxes as noted in BC18 of the Proposed Guidance.
- We believe there is an overall lack of benefit received by many users of financial statements with respect to the income tax footnotes.
- Requiring certain further income tax disclosures may reveal additional confidential tax information to competitors.
- We do not agree that the increased costs associated with gathering, preparing, reviewing and auditing this financial information justify the perceived incremental benefit.

- The requirements from paragraph 740-10-50-23 of the Proposed Guidance regarding government assistance would have a number of significant negative consequences to preparers of financial statements as we previously noted to the Board in our letter dated February 10, 2016, on the proposed ASU *Government Assistance Topic 832 Disclosures by Business Entities about Government Assistance*. The guidance from that proposed ASU merely appears to be brought forward into this Proposed Guidance and the specific concerns raised by BMS and other preparers of financial statements are not addressed.
- Requiring companies to disaggregate financial information between domestic and foreign operations, including taxes paid to any individually significant country, appears to be unique to the Proposed Guidance, whereas other U.S. GAAP does not require disaggregated financial information between domestic and foreign operations. [For example, ASC 360 – *Property, Plant, and Equipment*, does not require preparers to disaggregate PP&E asset classes between domestic and foreign assets.]

The following are our responses to the questions posed in the Exposure Draft that are relevant to our company.

**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.**

No, we do not believe the Proposed Guidance would result in more effective, decision-useful information about income taxes. As noted above, we do not believe many financial statement users focus on income tax information, due to:

- The overall complexity of ASC 740 and understanding its application, and
- Users of financial statements focus being on other pertinent financial information such as revenue, operating expenses, liquidity, alliance arrangements, and future product pipeline prospects.

Further, we agree with the three main findings of the PIR on Statement 109 that financial statement disclosures on income taxes might not be detailed enough for users to:

- Analyze the cash effects associated with income taxes by jurisdiction,
- Analyze earnings determined to be indefinitely reinvested in foreign subsidiaries, and
- Determine what the tax effects of foreign earnings deemed to be indefinitely reinvested would be if those earnings were repatriated to the US parent company.

However, it appears that many of the new required disclosures under the Proposed Guidance go well beyond that scope (for example the requirement to disclose federal, state and foreign carryforwards by time period of expiration for each of the first 5 years after the reporting date and a total for any remaining years noted in paragraph 740-10-50-6A.a.) Given the existing complexity within ASC 740 and the challenge for many financial statement users to fully comprehend income tax disclosures, our concern is that requiring many of these new income tax disclosures will only add to the complexity and not benefit users of financial statements. An example

of confusion that these additional disclosures would create are the NOL carryforward amounts and DTA amounts proposed to be disclosed based upon the tax return filings or after reduction for any uncertain tax positions.

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

Yes, the proposed disclosure requirements are operable and auditable. The additional income tax disclosure information required by the Proposed Guidance is generally captured already. However, the Proposed Guidance will require additional time, effort, and resources with gathering, preparing, and reviewing this financial information and having the financial information audited by external auditors.

**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.**

No, the Proposed Guidance should be required only for the reporting year in which the requirements are effective. Prior periods should not be restated due to the costs and efforts of implementation.

We greatly appreciate your consideration of our comments and invite you to contact us if you have any further questions regarding our above comments on the Proposed Guidance.

Sincerely,



Robert Owens  
Vice President & Assistant Controller



Tim Kocses  
Director, Corporate Technical Accounting

