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**Comerica Incorporated**

Comerica Bank Tower  
1717 Main Street, MC 6500  
Dallas, Texas 75201  
(214) 462-6684

**Muneera S. Carr**  
Executive Vice President and  
Chief Accounting Officer

December 15<sup>th</sup>, 2017

Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116  
Attention: Mr. Russell G. Golden, Chairman

**Re: Change in tax law and rates related to items not recognized in continuing operations**

Dear Mr. Golden:

Comerica Incorporated (“Comerica” or “we”) appreciates the Financial Accounting Standards Board’s (the “Board”) willingness to listen to accounting matters affecting stakeholders of financial statements. Comerica is a financial services company headquartered in Dallas, Texas. As of September 30, 2017, we were among the 50 largest U.S. banking companies, with total assets of approximately \$72 billion, total deposits of approximately \$58 billion, total loans of approximately \$49 billion, and total shareholders’ equity of approximately \$8 billion. As of the same date, Comerica reported net deferred tax assets of \$252 million, of which approximately \$206 pertained to items recorded originally through other comprehensive income and for which the corresponding tax effects were also recorded through other comprehensive income (“OCI tax items<sup>1</sup>”).

In light of the potential new tax legislation currently being considered by Congress, we would like to formally express our concerns pertaining to the guidance in Accounting Standard Codification Topic 740 – *Income Taxes* (“Topic 740”). Topic 740 requires the effects of tax law and tax rate changes be reflected as a component of tax expense, even when the underlying transaction and its corresponding tax effects were originally recorded within other comprehensive income. Items such as unrealized gains/losses from available-for-sale securities or changes in the projected benefit obligation of defined benefit plans are just two examples of OCI tax items in which tax effects were originally excluded from earnings and recorded through other comprehensive income. The guidance within Topic 740 essentially treats a deferred item for income purposes as a current earnings item for tax purposes. We believe this creates an unnecessary inconsistency in the accounting of the underlying item and resulting tax effect. Instead, we would recommend the impact of tax rate changes pertaining to OCI tax items be recorded within other comprehensive income.

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<sup>1</sup> The term “OCI tax items” in this letter specifically refers to the deferred tax impact previously recorded within other comprehensive income.

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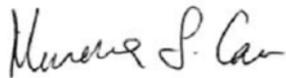
Accounting guidance properly defers recognition in earnings of items that have not been realized. Among other things, this treatment avoids unnecessary volatility obscuring the transparency that users of financial statements seek from the results from operations. Recognition of OCI tax items through tax provision expense will impact results from operations with otherwise unrealized items and may lead to confusion for users of the financial statements who are trying to evaluate the entity's performance based on their current year earnings.

Finally, certain financial institutions<sup>2</sup> have the option to exclude items recorded in accumulated other comprehensive income from regulatory capital. Adherence to Topic 740 for OCI tax items will impact capital adequacy ratios even when the underlying item or transaction will continue to be excluded.

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We thank you for the opportunity to express our concerns regarding the treatment of certain deferred tax items and we respectfully request that the Board consider the points we have raised. Should you require further information or have any questions, please do not hesitate to contact me (telephone 214-462-6684; email address [mscarr@comerica.com](mailto:mscarr@comerica.com)) or Mauricio Ortiz, Senior Vice President – Assistant Controller (telephone 214-462-6757; email address [maortiz@comerica.com](mailto:maortiz@comerica.com)).

Sincerely,



Muneera S. Carr  
Executive Vice President and Chief Accounting Officer

cc: David Duprey, Executive Vice President and Chief Financial Officer  
Mauricio Ortiz, Senior Vice President and Assistant Controller

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<sup>2</sup> AOCI is generally excluded from regulatory capital for banks under \$250 billion in assets