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BANK

TXREFORM-17
Comment Letter No. 5

December 18, 2017

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

Via email: director@fasb.org

RE: Accounting for the Income Tax Rate Changes of Tax Reform

Dear Chairman Golden:

I wish to express concerns regarding the accounting for changes to income tax rates within Accounting Standards Codification Topic 740, *Income Taxes* (ASC 740). This concern has arisen in light of the recent tax reform efforts in the U.S. and the likely occurrence that a material change in the U.S. Federal corporate income tax rate will result. Specifically, ASC 740-10-45-15 requires deferred tax assets (DTAs) and liabilities (DTLs) to be adjusted upon enactment of the new tax law and their changes to be presented in net income from continuing operations, even when the corresponding deferred taxes relate to items presented in AOCI. As a result, the remaining DTAs and DTLs within AOCI are nowhere near reflecting the appropriate tax rates of the corresponding items within AOCI. This will be confusing to financial statement users, particularly for the banking industry; the requirement in the standard will obfuscate the resulting financial statements. I believe a technical correction is needed promptly.

I understand that Michael L. Gullette, Vice President – Accounting and Financial Management, has submitted a letter on behalf of the American Bankers Association so I will not repeat all of the academic arguments to support why I believe FASB should respond promptly to this situation. However, I do ask that the Board give serious consideration to this request.

Sincerely,

Timothy L. Felter
Executive Vice President and CFO