

01/26/2018

Record ID: 636519714403313959

Question Text	Response	Status
* Please select the type of entity or individual responding to this feedback form.	Preparer	Completed
Other, please specify (Specified)		
* Please provide contact information for any follow-up questions.	(Filled in as Follows:)	Completed
Organization *	First Federal Bank of Louisiana	
First name *	Peter	
Middle initial		
Last name *	Gover	
Email address *	peter.gover@ffbla.com	
Phone number		
1. Do you agree with the amendments in this proposed Update that would require a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the newly enacted federal corporate income tax rate? If not, why?	While we are pleased that the proposal has addressed the disparity that would have resulted between the tax effects recorded in AOCI and the amounts recorded as DTA/DTL's, we are disappointed that the proposal did not address the income tax effects of the tax rate change that will occur in the current period. The DTA/DTL's that occur as a result of unrealized gains/losses on AFS securities are not items that ever flow through net income but instead flow through DTA/DTLs and AOCI. It would seem logical that any revalue of this type of DTA/DTL should be adjusted in the same way as no income tax expense was ever recorded, instead an artificial increase/decrease to net income has been created.	Completed
2. Are the transition requirements appropriate? If not, what transition approach is more	The transition requirements seem appropriate.	Completed

<p>appropriate and why?</p>		
<p>3. Do you agree that early adoption should be permitted?</p>	<p>Yes</p>	<p>Completed</p>
<p>4. Do you agree with the proposed effective date? If not, what effective date is more appropriate and why?</p>	<p>I agree with the proposed date.</p>	<p>Completed</p>
<p>5. GAAP generally prohibits backwards tracing, which is the process of recognizing the effects of changes in deferred tax amounts in the current year in the same line item in which the deferred tax amounts were originally recognized (for example, other comprehensive income) in prior years. The Board did not allow backwards tracing as part of this project and is currently researching the merits of a broader project on backwards tracing. Should the Board</p>	<p>It would seem to make sense that allowing backwards tracing can be useful in situations where not doing so creates an illusion of an income tax benefit or expense in the current period when a tax rate is changed. A financial statement reader would be faced with having to determine a company's true net income by adding back or subtracting the artificial net income created by not backwards tracing. In the case of a DTA/DTL created by non income statement items (i.e unrealized gains/losses on AFS securities) the financial statement user would need to be knowledgeable in how these types of DTA/DTL's come into existence as well as how ASC 740 affected current net income in order to truly measure and compare companies.</p>	<p>Completed</p>

01/26/2018

<p>add a broader project on backwards tracing to its active agenda? If so, why? Additionally, should the following alternatives to backwards tracing be considered in that broader project? If so, why?</p> <p>Accounting for the release of the stranded tax effects from accumulated other comprehensive income</p> <p>Reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects associated with prior changes in other tax rates (for example, state and local taxes)</p> <p>Reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects associated with all future changes in tax rates.</p>		
<p>Please provide any additional comments on the Proposed Update:</p>	<p>Our request is that any revalue of a DTA/DTL that is made on items that are not income statement items (i.e unrealized gains/losses on AFS securities) do not flow through the income statement and that the entry to adjust a DTA/DTL of this type be made using by backwards tracing the original entry that was made when recording the DTA/DTL.</p>	<p>Completed</p>
<p>Please provide any comments on the electronic feedback process:</p>	<p>Easy to use.</p>	<p>Completed</p>

Below is a summary of your responses to the questions in this feedback form:	Not Answered	Not Answered
Thank you for your participation. If you are finished providing comments, click the 'Submit' button.	Not Answered	Not Answered