Jeanette L. Ourada
Vice President and Comptroller

February 1, 2018

Via email to director@fasb.org

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P. O. Box 5116
Norwalk, CT 06856-5116

Re: Proposed Accounting Standards Update – *Income Statement – Reporting Comprehensive Income (Topic 220), Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* 2018-210

Chevron Corporation (Chevron) appreciates the opportunity to provide comments to the Financial Accounting Standards Board (the "Board") regarding the proposed Accounting Standards Update, *Income Statement – Reporting Comprehensive Income (Topic 220), Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* (the "proposed ASU").

Chevron is one of the world's leading integrated energy companies. Through its subsidiaries that conduct business worldwide, the company is involved in virtually every facet of the energy industry. Chevron explores for, produces and transports crude oil and natural gas; refines, markets and distributes transportation fuels and lubricants; manufactures and sells petrochemicals and additives; and develops and deploys technologies that enhance business value in every aspect of the company's operations.

Our detailed comments to selected questions posed by the Board in the proposed ASU are included in the attached Appendix.

We trust our comments are helpful to the Board in determining next steps for the project. If you have any questions on the content of this letter, please contact Al Ziarnik, Assistant Comptroller, at (925) 842-5031.

Sincerely,

JOurada

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Appendix – Responses to Selected Questions

Question 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?

Yes, we believe that the proposed update would eliminate the stranded tax effects associated with the tax rate change. We believe consideration should also be given to reviewing other stranded tax effects, for example, in relation to overseas tax changes (see response to Question 5 below).

Question 3: Do you agree that early adoption should be permitted?

Yes, we have no concerns with early adoption being permitted.

Question 4: Do you agree with the proposed effective date? If not, what effective date is more appropriate and why?

Yes, the proposed disclosures should only be required for the reporting period in which the requirements are effective.

Question 5: GAAP generally prohibits backward 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 backward tracing as part of this project and is currently researching the merits of a broader project on backward tracing. Should the Board add a broader project on backward tracing to its active agenda? If so, why? Additionally, should the following alternatives to backward tracing be considered in that broader project? If so, why?

a. Accounting for the release of the stranded tax effects from accumulated other comprehensive income.
b. Reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects associated with prior changes in other taxes (for example, state and local taxes)
c. Reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects associated with all future changes in tax rates

We welcome the proposal to eliminate the stranded tax effects associated with the change in the federal corporate income tax rate in the Tax Cuts and Jobs Act of 2017. However, the impact of tax changes in foreign subsidiaries can also result in stranded tax effects as noted above. To improve the usefulness of information reported, we recommend that alternative" b" is considered for all historical balances with no backward tracing. In addition, we recommend that there should be a subsequent annual review and reclassification to retained earnings to ensure that no new balances are stranded.