

From: Kevin Mitchell [mailto:kev.mitchell@verizon.net]
Sent: Friday, February 02, 2018 5:41 PM
To: Director - FASB <director@fasb.org>
Subject: File Reference No. 2018-210

To: Technical Director
From: Kevin Mitchell, CPA

Thank you in advance for consideration of my comments.

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?

Response: Yes. However, the amendments in the proposed Update should be broader than proposed and should include any newly enacted income tax rate change. This update appears to address only the newly enacted federal corporate income tax rate in the United States of America and does not address any newly enacted change in any other jurisdiction such as the newly enacted change in the corporate tax rates in France.

Question 2: Are the transition requirements appropriate? If not, what transition approach is more appropriate and why?

Response: Yes

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

Response: Yes

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

Response: Yes

Question 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 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?

- 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 tax rates (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.

Response: GAAP should allow for the reclass of stranded tax effects from other accumulated comprehensive income to retained earnings for all past and future changes in tax rates in any jurisdiction whether federal, state, or foreign jurisdiction to be consistent with the outcome of the amendments of this proposed update.