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May 31, 2019

Technical Director
Financial Accounting Standards Board
401 Merritt 7
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RE: File Reference No. 2019-500, Income Taxes (Topic 740), Disclosure Framework-Changes to the Disclosure Requirements for Income Taxes

The Williams Companies, Inc. (Williams) appreciates the opportunity to provide our comments to the Financial Accounting Standards Board (Board) on the revised proposal regarding income tax disclosures. Williams is a public company which, through its subsidiaries, gathers, processes and transports natural gas.

We support the Board's disclosure framework project to improve the effectiveness of disclosures. We have specific comments on certain of the proposed disclosure changes as follows:

Disclose the total amount of unrecognized tax benefits that offsets the deferred tax asset attributable to carryforwards in accordance with paragraph 740-10-45-10A.

We believe the current requirement under ASC 740-10-50-15A(a) to provide a tabular reconciliation of the total amounts of unrecognized tax benefits at the beginning and end of the period (Reconciliation) is sufficient to allow investors to understand the implications of uncertain tax positions. In BC40, the statement is made that users believe that disclosure of the aggregate of unrecognized tax benefits is sufficient for their analysis. In annual income tax return filings, tax authorities require forms to be submitted disclosing the nature of uncertain tax positions (e.g. Form 1120 Schedule UTP). However, the forms do not require amounts for the uncertain tax positions. We are concerned that this proposed disclosure coupled with the proposed deferred tax assets carryforward disclosure (see below), combined with the Reconciliation and the forms submitted to the taxing authorities could provide the taxing authorities with prejudicial information. As such, the proposed disclosure could have the potential unintended consequence of imposing additional risk to reporting entities without providing sufficiently beneficial information to investors.

Disclose the amounts of deferred tax assets for federal or national, state, and foreign carryforwards (that is, tax effected) before the valuation allowance. These amounts should be further disaggregated by time period of expiration for each of the first five years after the reporting date, a total for any remaining years, and a total for carryforwards that do not expire.

Referring to our comment above regarding providing taxing authorities with prejudicial information, we are most sensitive to adding this disclosure if the requirement to disclose the total amount of unrecognized tax benefits that offsets the deferred tax assets attributable to carryforwards is retained. Of the two disclosures, we believe this one is more beneficial as the information is meaningful and less subject to change.

Disclose the amount of the valuation allowance recognized during the period and the total amount of the valuation allowance released during the reporting period, with an explanation of each.

We believe such disclosure should be necessary only for significant, material changes rather than defining as to each particular item of activity. This approach would also align with what should already be provided in Management's Discussion and Analysis.

Eliminate the requirement for all entities to (1) disclose the nature and estimate of the range of the reasonably possible change in the unrecognized tax benefits balance in the next 12 months or (2) make a statement that an estimate of the range cannot be made.

We are supportive of this revision and agree that the disclosure is not effective given the difficulty in predicting resolution of such matters so far in advance of resolution.

Disclose the line items in the statement of financial position in which the unrecognized tax benefits are presented and the related amounts of such unrecognized tax benefits.

We believe adding this disclosure may not be meaningful given the current disclosure of total unrecognized tax benefits and the changes therein, coupled with the likely long-term nature of the matters (see decision to eliminate the disclosure regarding changes in the unrecognized tax benefits in the next 12 months).

We appreciate the opportunity to comment on these matters and would be glad to provide any additional information you may require or discuss our comment letter.

Sincerely,



Ted Timmermans
Vice President, Controller and Chief Accounting Officer
The Williams Companies, Inc.

Appendix

Our responses to the specific questions for respondents are as follows:

1. Would the amendments in this proposed update that add or modify disclosure requirements result in more effective, decision-useful information about income taxes? Please explain why or why not. Would the proposed amendments result in the elimination of decision-useful information about income taxes? If yes, please explain why.
 - We agree that the disclosures disaggregated between federal, state and foreign could be useful to generally show where a company is paying or expecting to pay taxes. The split between federal and foreign is also useful to understand the overall effective tax rate. The tax expense, used in conjunction with the foreign pretax, can help the reader understand why the overall rate is higher or lower than expected.
2. Are the proposed disclosure requirements operable and auditable? If not, which aspects pose operability or auditability issues and why?
 - Other than with the item discussed below in question number 4 and the proposed disclosure of the valuation allowance for deferred tax assets for carryforwards, the information required for the new disclosures is generally a component of our company's work papers and subject to audit review. The valuation allowance matter would require additional deferred tax asset scheduling, as well as judgment regarding allocation, which will add complexity to preparation and audit review.
3. Would any of the proposed disclosure impose significant incremental costs? If so, please describe the nature and extent of the additional costs.
 - As noted above, much of the information proposed is currently being prepared by our company. However, exceptions would include information discussed in question 4 below and determining the valuation allowance for deferred tax assets for carryforwards. For all of these, converting such data into footnote disclosures will add incremental report preparation time, increase our external auditing costs and potentially require new/added disclosure controls and procedures.
4. One of the proposed amendments would require entities to disclose pretax income (or loss) from continuing operations before intra-entity eliminations disaggregated between domestic and foreign, which initial feedback indicated would reduce diversity in practice. Would this proposed amendment be operable? Should the Board specify whether the disclosed amounts should be before or after intra-entity eliminations? Why or why not?
 - The accounting for intra-entity eliminations would require considerable systems and accounting process development effort to generate this information. Our company currently eliminates inter/intra-company transactions at the reporting segment level without distinction between foreign and domestic.
5. Would a proposed amendment to require disaggregation of income tax expense (or benefit) from continuing operations by major tax jurisdiction be operable? Would such a proposed amendment result in decision-useful information about income taxes? Why or why not?
 - In addition to our response to question number 1, we believe this would be operable, presuming the categories are domestic, foreign and state with no further detail or disaggregation.

6. The proposed amendments would modify the existing rate reconciliation requirement for public business entities to be consistent with SEC Regulation S-X 210.4-08(h). That regulation requires separate disclosure for any reconciling item that amounts to more than 5 percent of the amount computed by multiplying the income before tax by the applicable statutory federal income tax rate. Should the Board consider a threshold that is different than 5 percent? If so, please recommend a different threshold and give the basis for your recommendation.
 - Though our company generally applies the 5% threshold as a baseline, we believe consideration should be given to use this level as a guideline, enabling the flexibility to focus upon materiality. For example, when pretax income is high, a fixed threshold can preclude material items from being reported, but when pretax income is low, items of less relevance would be presented. This should also be considered with respect to the proposal to explain the change in an amount or a percentage of reconciling item from year to year.
7. Are there any other disclosures that should be required by Topic 740 on the basis of the concepts in Chapter 8 of Concepts Statement 8, as a result of the Tax Cuts and Jobs Act, or for other reasons? Please explain why.
 - After the interest expense disallowance rules and associated tax regulations are finalized, certain disclosures regarding application could be useful when companies have both regulated and non-regulated operations/entities.
8. Are there any disclosure requirements that should be removed on the basis of the concepts in Chapter 8, as a result of the Tax Cuts and Jobs Act, or for other reasons? Please explain why.
 - No
9. The proposed amendments would replace the term public entity in Topic 740 with the term public business entity as defined in the Master Glossary of the Codification. Do you agree with the change in scope? If not, please describe why.
 - We are supportive of this revision
10. Should the proposed disclosures be required only for the reporting year in which the requirements are effective and thereafter or should prior periods be restated in the year in which the requirements are effective? Please explain why.
 - We are supportive of a prospective transition method.
11. How much time would be needed to implement the proposed amendments? Should the amount of time needed to implement the proposed amendments by entities other than public business entities be different from the amount of time needed by public business entities? Should early adoption be permitted? Please explain why.
 - For our company, implementation of the intra/inter-company disclosures and determining the valuation allowance for deferred tax assets for carryforwards, if retained, would require the most significant time and effort. Otherwise, a year should be sufficient to transition the information for the other disclosures. Early adoption should be allowed.