

May 31, 2019

Mr. Russell Golden, Chairman  
Financial Accounting Standards Board  
401 Merritt 7  
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Norwalk, CT 06856-5116

(Sent via e-mail to [director@fasb.org](mailto:director@fasb.org))

Re: File Reference No. 2019-500

Dear Mr. Golden:

The International Business Machines Corporation (“IBM” or “the company”) appreciates the opportunity to comment on the proposed Accounting Standards Update: *Income Taxes (Topic 740): Disclosure Framework - Changes to the Disclosure Requirements for Income Taxes* (the “proposed amendment” or “exposure draft”), issued by the Financial Accounting Standards Board (“FASB”).

The company continues to support the FASB in their efforts to simplify U.S. GAAP as well as the objective of improving disclosures while eliminating unnecessary disclosures and providing users with more decision useful information. We also greatly appreciate and support the revisions that were made to the original exposure draft on this topic and the FASB’s responsiveness to stakeholder feedback. However, we still have concerns regarding certain proposed disclosures in the exposure draft as currently written, as we do not believe such proposed disclosures provide incrementally useful information and in some cases, we believe the disclosure of such information could be confusing or misleading to users of the financial statements.

We believe providing disclosures of income taxes paid disaggregated between federal, state, and foreign jurisdictions may be misleading to users, as the timing of cash taxes paid does not always correlate to period pre-tax income or income tax expense due to items such as: uncertain tax filing positions for which reserves have been provided, tax audit settlements, litigation outcomes and timing of cash tax due dates in various jurisdictions. The US Tax Cuts and Jobs Act of 2017 has already created varied practices in disclosing tax provisions by jurisdiction. With further disaggregation of disclosure of cash taxes we believe this will only create more confusion on what it means to pay taxes in different jurisdictions. Lastly, income tax paid each quarter may vary significantly due to the factors described above, which could potentially cause financial statement users to over or under estimate a company's full year expected cash tax liability and/or expected full year income tax expense.

Another area where we believe the proposal may result in disclosure overload is related to tax-effected federal, state and foreign loss and credit carryforwards, before valuation allowances, disaggregated by period of expiration. If this disclosure requirement were to be finalized, we believe that the time periods disclosed should be aggregated at a higher level than the proposed categories as shown in the exposure draft.

Additionally, disclosures illustrating pre-tax income (loss) from continuing operations before intra-entity eliminations, disaggregated between domestic and foreign sources, would add certain operational costs and burden in gathering information required for the disclosure and may not provide significant meaningful information to the users. The varied assumptions and practices that companies could adopt in order to disclose this information may lead to lack of comparability and more confusion for financial statement users.

Finally, under current SEC rules for public business entities, where material, companies are already required to make disclosures related to the amount of, and explanation for, a valuation allowance recognized or released during the reporting period. As such, we believe this proposed amendment is duplicative for public companies. We believe the cost to implement these redundant disclosures, at a potentially more detailed level than what is currently required, would outweigh the benefits.

We are concerned the new requirements may perpetuate a checklist-based approach to disclosure and may not provide the most meaningful or material information to users of the financial statements. We believe that the current state of disclosure requirements in addition to the other recently implemented or soon-to-be implemented projects, is unsustainable. In the spirit of balancing decision useful disclosures with the risk of disclosure overload, we would support investor outreach to understand how investors will use the additional disclosures prior to the issuance of a final standard.

Thank you for the opportunity to comment on the exposure draft. If you have any questions, please contact me at (914) 765-5074.

Sincerely,

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