verizon

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Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
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Re: **Agenda Consultation**

Verizon Communications Inc. ("Verizon") appreciates the opportunity to comment on the Financial Accounting Standards Board (FASB) Agenda Consultation. Verizon, one of the world's leading providers of communications, technology, information and entertainment products and services, is a registrant with the Securities and Exchange Commission (the "SEC") and is classified as a Large Accelerated Filer.

Disaggregation of Financial Reporting Information
In response to Question 6b, the general nature of questions that we often see from our investors and analysts surrounding our operating results and cash flows focuses primarily on material or broad drivers of those outcomes, period over period variances and potential impacts on future performance and trends. Further, additional information that provides context to our results and financial position is provided in the Management Discussion and Analysis section to our SEC filings. Therefore, we believe the existing level of disaggregate information provided in our financial statements is sufficient to meet our stakeholders' needs.

Business Combinations
The inherent challenge in trying to track organic versus acquired growth in an organization is whether such acquisition drives value accretion in isolation or in combination with other existing businesses. In the latter case, providing detailed information that tracks the acquired business' results would run contrary to how that business is being managed and may not reflect a holistic view of that business' impact to the overall company. Disclosures requiring key performance assumptions and targets as well as impact on future operations and cash flows regarding an acquisition and the tracking of performance against these targets for years after the acquisition would require discrete financial information for each acquisition which may not be available as acquisitions are integrated and result in significant compliance costs. Additional disclosures may also counter the current SEC disclosure simplification initiative.

Balance Sheet Classification
We believe the Board should prioritize a potential project on current and noncurrent classification of assets and/or liabilities in a classified balance sheet. We continue to believe simplification benefits

both users and preparers of financial statements by providing financial statements that are understandable and comparable for users, while making the financial statement preparation process more efficient.

We were supportive of the FASB's initiative to simplify the classification of debt in a classified balance sheet. Specifically, we are in support of an overarching principle for debt classification to be based on when an item is contractually due as of the balance sheet date. We believe this would reduce the complexity and ease the burden on determining how the debt instrument should be classified and more appropriately reflect the conditions that exist as of the balance sheet date.

Cost-Benefit Analysis Framework
We strongly support the Board's focus on carefully balancing the costs and benefits of future standard setting proposals. The broad and wide-ranging standards that have been implemented over the past few years, specifically Accounting Standards Update 2014-09: *Revenue from Contracts with Customers* (Topic 606) related updates, Accounting Standards Update 2016-02: *Leases* (Topic 842), and Accounting Standards Update 2016-13: *Financial Instruments – Credit Losses* (Topic 326), have driven compliance costs up and diverted resources away from other initiatives and yielded minimal benefit to the users of the financial statements. These adoptions were especially challenging from a systems design and implementation perspective given the lack of available technology and the need to customize in order to meet our specific needs.

Additionally, we encourage the Board to consider the adoption timeline of significant Accounting Standards Updates. The adoption for Topic 606 in 2018, Topic 842 in 2019 and Topic 326 in 2020 for public entities reflected unprecedented change to key and complex areas of accounting within a relatively short period of time. Accordingly, we believe the benefits from a proposed change to GAAP need to be carefully scrutinized against cost burden and implementation challenges that it creates.

Income Tax Disclosures
We support the FASB's ongoing initiative to reduce complexity in accounting standards, particularly in continuing to simplify the accounting for income taxes as set forth in ASU 2019-12 (*Income Taxes* (Topic 740): *Simplifying the Accounting for Income Taxes*). However, we believe that the additional disclosures suggested by investors in the Invitation to Comment would not achieve this goal. The proposed additional disclosure would not provide decision useful information to investors, would likely result in additional confusion and misinterpretation from readers of the financial statement and would result in additional burden on financial statement preparers.

The amount of additional tax detail required to provide sufficient context to be decision useful would likely be too complex for a non-tax professional (the average investor) to interpret and the costs would certainly outweigh the benefits.

Cash taxes paid are not a relevant indicator of a company's exposure to potential changes in tax legislation due to the nature of tax payments, regardless of the jurisdiction. In any given year, total cash taxes paid in each jurisdiction reflects a combination of numerous factors including (a) payments that can be attributable to prior years based on tax rules in effect for those prior years (e.g., tax audit settlements, payments made with amended tax returns, extension payments, etc.), (b) whether a company had a net operating loss, capital loss and/or tax credit carryovers applied to that year, (c) the amount and timing of current year estimated tax payments based on jurisdictional rules and on unique events taking place in the year (e.g., permitted COVID deferrals, dispositions, acquisitions, refinancing/recapitalizations, etc.), and (d) prepayments of future year taxes. As illustrated above, year over year fluctuations in cash taxes are often not driven by current year operating results and would not be indicative of future tax payments.

Cash taxes paid should not be used to assess a company's exposure to potential changes in tax legislation and global tax risk. This conflicts with the principles of ASC 740, which requires the recognition of current and deferred taxes based on enacted, not proposed, tax legislation. If the financial statement impacts of enacted tax legislation are material (such as was the case for many public companies with the enactment of the Tax Cuts and Jobs Act in 2017), then additional disclosure and explanation in the tax footnote was provided.

Lastly, we believe that the existing disclosure requirements to break out pretax book income and current and deferred tax expense between domestic and foreign jurisdictions (which includes recognition of current and deferred income taxes based on enacted tax legislation) provide sufficient detail for an investor to understand a company's tax profile. If there is any significant global tax risk, we would include discussion in the "Risk Factors" to our SEC filings (e.g. Annual Report on Form 10-K), which is designed to highlight what we believe are the material factors to consider when evaluating our business and expectations, and would include factors that could cause our future results to differ materially from our historical results and from expectations reflected in forward-looking statements.

Thank you for the opportunity to comment. We would be pleased to discuss our comments in more detail with the members of the Board or Staff.

Respectfully Submitted,

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Mary-Lee Stillwell (Sep 17, 2021 10:54 EDT)

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