September 30, 2016

Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116
Electronic Address: director@fasb.org


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

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

Description of an enacted change in tax law that is probable to have an effect on the reporting entity in a future period.

It is not clear to us if this disclosure applies in the period an enacted change in tax law is effective and thus would go beyond the current requirement in ASC 740-10-50-9(g) or is the proposed disclosure intended solely for periods before an enacted change in tax law becomes effective. Please clarify. If the proposed disclosure is for the period the change in tax law becomes effective, we believe the current disclosure referenced above is sufficient in explaining the effects of changes in enacted statutory tax rates.

Within the reconciliation of the total amounts of unrecognized tax benefits at the beginning and end of the period, settlements using existing deferred tax assets separate from those that have been or will be settled in cash.

In practice, settlements with the taxing authorities during an individual year can involve multiple items, several tax years, items that are uncertain, items that were not thought to be uncertain and can involve both the payment of cash and use of operating loss carryovers. In these situations, distinguishing specifically settlements of uncertain tax positions between the payment of cash and operating loss carryovers may not be possible. We believe this proposed change should be reconsidered.
The total amount of unrecognized tax benefits that offsets the deferred tax assets for carryforwards.

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 annual income tax return filings, taxing 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 this proposed disclosure and the proposed deferred tax assets carryforward disclosure (see fifth topic below), combined with the Reconciliation and the forms submitted to the taxing authorities, could have the potential to provide a level of detail to ascertain the amounts associated with specific uncertain tax positions. 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. We believe the proposed disclosure should be reconsidered.

A public business entity to disclose the amounts of federal, state and foreign carryforwards (not tax effected) by time period of expiration for each of the first five years after the reporting date and a total for any remaining years.

We suggest modifying this proposal to disclosing a total for amounts expiring in the first five years after the reporting date and a total for any remaining years. Presenting more detail involves a significant amount of effort and is burdensome, especially for state and foreign carryovers as they may involve numerous jurisdictions and these jurisdictions can have different methodologies for computing carryovers.

A public business entity to disclose the amounts of deferred tax assets for federal, state and foreign carryforwards (tax effected) before the valuation allowance. Those amounts would be further disaggregated by time period of expiration for each of the first five years after the reporting date and a total for any remaining years.

We suggest eliminating this proposed disclosure as this information combined with the current requirement under ASC 740-10-50-2 to present the components of deferred tax liabilities and assets could result in taxing authorities being able to determine the amount of unrecognized tax benefits that offsets the deferred tax assets for carryforwards. Please see our comments on the third topic above for further discussion of our concerns regarding this matter.

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

Sincerely,

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