Mr. Russell G. Golden  
Chair  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

Dear Chair Golden:

Thank you for the opportunity to comment on the Financial Accounting Standards Board’s (FASB) proposed Accounting Standards Update related to the Disclosure Framework project on incomes taxes. We commend the Board’s efforts in undertaking this project and share its goal of improving the effectiveness and utility of financial statement disclosures. In order to fully realize these goals, we urge the Board to require multinational corporations to disclose meaningful country-by-country reporting information in their public financial statements.

Recent reports estimate U.S. companies hold over $2.6 trillion in offshore accounts, much of which is located in tax haven jurisdictions. Concerns around corporate profit shifting have prompted initiatives across the globe to combat tax avoidance, including the Organization for Economic Cooperation and Development’s base erosion and profit shifting project, efforts by the European Union to improve the tax regime across its member states, and others. While these policies target many broad issues pertaining to tax avoidance, a notable point of consistency is the need for heightened disclosure and transparency requirements; the Board’s Disclosure Framework project offers a valuable opportunity to make critical progress on these shared objectives.

These issues are particularly relevant to FASB’s objectives because the limited availability of public data about overseas holdings poses a threat to investors, policymakers, and the general public. Importantly, shareholders face heightened financial risks when they lack access to complete information about a company’s tax strategy, valuation, and management approach. A number of large U.S. companies have faced significant questions in recent years over the potential value of their tax liabilities, uncertainty which potentially threatens their investors. Moreover, policymakers require this information to make informed decisions on matters pertaining to taxation, the economy, and other critical areas impacting the American people.

In order to address the threat posed by offshore profit shifting to investors and the public, we urge the Board to require multinational corporations to disclose their income, assets, number of employees, and taxes paid on an annual, country-by-country basis. These standards will
implement critical safeguards and mitigate risk for investors and provide policymakers and the public with important data relevant to our national well-being. Companies already use this information internally and report much of it to the IRS, mitigating any alleged compliance burdens associated with such a directive.

We applaud the Board’s goal of strengthening disclosure and efficiency in corporate financial statements. The inclusion of public country-by-country tax reporting in the final recommendation would represent significant progress toward achieving this goal, and we urge you to adopt these important reforms.

Sincerely,

Mark Pocan
Member of Congress

Lloyd Doggett
Member of Congress

Sandy Levin
Member of Congress

Earl Blumenauer
Member of Congress

Judy Chu
Member of Congress

Michael E. Capuano
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Keith Ellison  
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Barbara Lee  
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Gwen S. Moore  
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Jan Schakowsky  
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Raúl Grijalva  
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