May 29, 2015

Ms. Susan Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116


Dear Ms. Cosper:

Groupon, Inc. appreciates the opportunity to respond to the Financial Accounting Standards Board’s proposed Accounting Standards Update (ASU) regarding income taxes on intra-entity asset transfers.

We support the proposal to eliminate the exception to the immediate recognition of the current and deferred income tax consequences of intra-entity asset transfers. In particular, we believe that the exception does not provide decision-useful information to users of financial statements when applied to intra-entity transfers of intangible assets that are consumed by the consolidated group over time, rather than sold to a third party. The application of the current guidance to intra-entity transfers of intangible assets is complex and we believe that eliminating the exception would represent an improvement to U.S. GAAP. We are also supportive of the proposal because it will result in closer alignment between U.S. GAAP and IFRS with respect to the accounting for income taxes.

Although we support the proposal, we recognize that there are valid reasons why entities with global supply chains believe that the current guidance provides meaningful information in the context of intra-entity transfers of inventory that will be sold to third parties by better aligning the recognition of revenue and pre-tax profit with the recognition of income taxes. As such, we would also be supportive if the Board were to decide to narrow the exception to apply only to intra-entity transfers of inventory. We believe that such an amendment would still improve the decision-usefulness of financial statements by eliminating the exception to the immediate recognition of current and deferred income taxes arising from intra-entity transfers of intangible assets. Additionally, because many of the practice issues in applying the exception relate to intangible asset transfers, we believe that such an amendment would also achieve the objective of reducing complexity in applying U.S. GAAP.

Because we believe that either the proposed ASU or an alternative that would limit the exception to intra-entity transfers of inventory would represent a significant improvement to U.S. GAAP, we encourage the Board to permit early adoption of the guidance for public business entities. We recognize that, in some cases, permitting early adoption may be undesirable because it results in the application of inconsistent accounting policies prior to the mandatory adoption date, which can make comparisons between entities more difficult for users of financial statements. However, because the nature and timing of intra-entity assets transfers vary significantly between entities based on their respective facts and circumstances, there is already a lack of comparability in this area and we do not believe that precluding an entity from applying improvements to U.S. GAAP until the mandatory adoption date will provide any benefit to users of financial statements in this circumstance. As such, we believe that early adoption of the new guidance should be permitted for public business entities.
Appendix A to this letter provides our responses to the specific questions raised in the Exposure Draft.

If you have any questions about our comments or wish to discuss any of the matters addressed throughout, please contact me at 312-334-1579.

Respectfully submitted,

[Signature]

Brian C. Stevens  
Chief Accounting Officer  
Groupon, Inc.
Appendix A: Responses to the questions set forth in the Exposure Draft

**Question 1:** Should the current and deferred income tax consequences of an intra-entity asset transfer be recognized when the transfer occurs? If not, why?

Yes, for the reasons set forth in the body of this letter we believe that the current and deferred income tax consequences of an intra-entity asset transfer should be recognized when the transfer occurs.

**Question 2:** If the income tax consequences should not be recognized when the transfer occurs, should the income taxes payable or paid upon transfer be expensed as incurred? If not, how should income taxes payable or paid be recognized?

We believe that the income tax consequences should be recognized when the transfer occurs.

**Question 3:** Should the proposed guidance be applied on a modified retrospective basis? Are the transition disclosures appropriate?

Yes, we believe that a modified retrospective basis and the proposed transition disclosures are appropriate.

**Question 4:** Should the amendments in this proposed Update be effective for:

a. Public business entities for annual periods, including interim periods within those annual periods, beginning after December 15, 2016?

b. All other entities for annual periods beginning after December 15, 2017, and interim periods in annual periods beginning after December 15, 2018, with early adoption permitted, but not before the effective date for public business entities?

We believe that the mandatory effective dates are appropriate. However, for the reasons set forth in the body of this letter we believe that early adoption should also be permitted for public business entities.

**Question 5:** What would be the expected transition costs of adopting the guidance in the proposed Update? What would be the expected recurring costs of applying the proposed guidance compared with the cost of applying current GAAP?

We do not expect that entities will incur significant transition costs of adopting the proposed guidance for intra-entity transfers of intangible assets and we would expect that the recurring costs of applying the proposed guidance to those intangible asset transfers would be similar to or less than the costs of applying current U.S. GAAP. However, we expect that adopting the proposed guidance may result in significant systems- and process-related costs for entities with global supply chains that routinely execute a high volume of intra-entity inventory transfers.