February 1, 2018

Ms. Susan M. Cosper
Director of Technical Application and Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116


Dear Ms. Cosper:

We appreciate the opportunity to comment on the Proposed Accounting Standards Update, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* (the Proposal). Bank of America Corporation provides a diverse range of banking and non-banking financial services and products domestically and internationally. As one of the world’s largest financial institutions, we have approximately $2.3 trillion of consolidated assets and $267.1 billion of shareholder equity – which includes $7.1 billion of accumulated other comprehensive losses representing several items – as of December 31, 2017.

We acknowledge the Board and FASB staff for their responsiveness in dealing with accounting issues arising from the Tax Cuts and Jobs Act (the Act). We are generally supportive of the Proposal as we believe it will represent more clearly the overall impact of the Act on issuer financial statements, by eliminating the stranded tax effects in accumulated other comprehensive income (AOCI) generated by the tax rate change, and reducing the operational and reporting complexity of accounting for and reporting stranded AOCI amounts through time. Considering the spirit and objectives of the Proposal, we would suggest the Board consider an additional, optional transition method, specifically, allowing for the reclassification to be booked as an adjustment to opening retained earnings in the period of adoption (i.e., a modified retrospective approach), which we discuss further below.

In response to the questions in the proposal:

- We agree with the amendments in the Proposal that require reclassification from AOCI to retained earnings for stranded tax effects resulting from the tax rate change in the Act because we fundamentally believe that these effects should have been adjusted through other comprehensive income rather than current period income, which we recognize would require modifications to ASC 740’s intraperiod tax allocation model.

- We understand the Board’s rationale for deciding that the amendments be applied retrospectively to each period (or periods) in which the Tax Act rate changes were recognized to align with the associated impact in income from continuing operations. We have no objection to that approach, but request that the Board consider an optional modified retrospective approach, on pragmatic grounds, in consideration of the added costs associated with reporting complexities of restating prior period amounts. Additionally, we note that SAB 118 provides a measure of flexibility in timing. Taken together, we believe that an opening retained earnings adjustment in the period of adoption achieves the Board’s objectives at a lower cost and does not disadvantage users of financial statements.

- We agree with the proposed effective date and that early adoption should be permitted, as decided by the Board.
• Finally, we fully support the Board adding a broader project on *backwards tracing* to its agenda as we believe it is an appropriate time to consider whether changes should be made to ASC 740’s intraperiod tax allocation model, especially in regards to AOCI items. In that regard, we think the Board should reconsider the premise upon which that model was designed; Statement 109’s basis for conclusions (see paragraph 113) seems to indicate that such was a result of pragmatic, rather than theoretical considerations. Given advancements in technology and systems since February 1992 when Statement 109 was issued, that premise appears outdated. Once that model is reconsidered, we think that decisions regarding transition requirements for changes in the intraperiod tax allocation model can be made.

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We appreciate the opportunity to express our views in this letter. Should you have any questions, please feel free to contact John James (980.387.4997) or Michael Tovey (980.387.6061).

Sincerely,

John M. James
Senior Vice President and Corporate Controller

Michael Tovey
Senior Vice President and Accounting Policy Executive

cc: Paul Donofrio, Chief Financial Officer
Rudolf Bless, Chief Accounting Officer