

----- Original Message -----

From: [Joseph S. Maresca](#)

To: director@fasb.org

Sent: Saturday, December 16, 2006

Subject: Re:Accounting for Income Tax Benefits for Dividends on Share-Based Payment Awards

Assumptions and Issues: EITF 6- 11

The issuance explains how to recognize Income Tax Benefits received on dividends paid to employees holding equity classified nonvested shares, equity classified nonvested share units or equity classified outstanding share options charged to RE 123R.

Questions arise on accounting for income tax benefits related to the payment of dividends on equity classified employee share-based payment awards charged to RE.

The Task Force realized that income tax benefits from dividends charged to RE are paid to employees for equity class nonvested equity shares, nonvested equity share units and outstanding equity share options should be recognized as an increase to additional paid in capital, the amount recognized in additional paid in capital for realized income tax benefits from dividends on those awards are to be included in the pool of excess tax benefits available to absorb tax deficiencies on share-based payment awards. When charged to RE, an unmerited tax deduction would attain prior to the actual realization of the related tax benefit because the employer has a Net Operating Loss carryforward. The member agrees.
Dr. Joseph S. Maresca