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Timothy Bridges
Managing Director
Global Head of Accounting Policy

August 12, 2015

Mr. Russell G. Golden
FASB Chairman
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Via email: director@fasb.org

File Reference: 2015-270 – *Improvements to Employee Share-Based Payment Accounting*

Dear Mr. Golden:

Goldman Sachs appreciates the opportunity to provide comments on the Financial Accounting Standards Board's ("FASB" or the "Board") proposed Accounting Standards Update, "Improvements to Employee Share-Based Payment Accounting" (the "Proposed Update").

We support the Board's ongoing simplification initiative to reduce the cost and complexity of financial statement preparation while maintaining or improving the usefulness of the information provided to the users of the financial statements.

However, we do not support the proposal to recognize the excess tax benefits and tax deficiencies arising from employee settlement of equity-based awards in the income statement, as we do not believe it has conceptual merit. Equally, we do not support the approach proposed for tax benefits on dividends or dividend equivalents paid on unsettled equity-based awards. We believe equity classification for the tax effect of transactions classified in equity is conceptually sound and consistent with the classification of the tax effect of other equity classified transactions described in ASC 740-20-45-11. As the difference between the grant date fair value of the award and its fair value on exercise/vesting is not recognized in earnings, we believe that it would be inappropriate to reflect the tax effect of that difference in earnings.

We also do not support the proposed approach as it will create the need for additional disclosures reconciling the effective income tax rate with reported net income. In our view, this would not meet the FASB's objective of improving the usefulness of information provided to users of financial statements and therefore does not support the Board's stated basis for conclusion.

While we acknowledge the operational complexity of the current model, we expect most companies have the systems supporting the current approach already in-place and prefer this complexity to an approach without conceptual merit. In our view, another solution to alleviating the complexity associated with the current model would be accomplished with the FASB's proposal to eliminate the so called "APIC Pools." However, as described above, we believe such tax benefits and tax deficiencies should be recognized on the balance sheet upon delivery/exercise through an adjustment to equity.

We generally support or do not object to the remaining proposed simplifications in the Proposed Update.

Other Editorial Comment:

We believe it was the Board's intent as expressed in the basis to conclusions, paragraph BC16 to amend ASC 718-10-25-18 such that an entity would be required to determine only one maximum rate in each jurisdiction. As such, we recommend the following changes, to be conformed throughout the paragraph:

> "….However, if the amount that is withheld or may be withheld at the employee's discretion, is in excess of the ~~employee's~~ maximum ~~individual~~ statutory tax rate in the applicable jurisdiction, the entire award shall be classified and accounted for as a liability.

Without this amendment, the proposed change will create a significant operational burden on employers to track the maximum rate by jurisdiction at an employee level.

Thank you for the opportunity to provide our views. If you have any questions regarding this letter, please do not hesitate to contact me at 212-902-7052.

Sincerely,

Timothy J Bridges

/s/ Timothy Bridges