

MINUTES



MEMORANDUM

To: Board Members
From: Meneley, x338
Subject: Minutes of the October 21, 2015
Disclosure Framework Board Meeting
Date: October 26, 2015
cc: Sutay

The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Board's deliberations. All of the conclusions reported are tentative and may be changed at future Board meetings. Decisions become final only after a formal written ballot to issue an Accounting Standards Update or a Statement of Financial Accounting Concepts.

Topic: Disclosure Framework: Disclosure Review—Income Taxes

Basis for Discussion: FASB Memo No. 84

Length of Discussion: 9:00 a.m. to 11:00 a.m.

Attendance:

Board members present: Golden, Kroeker, Buck, Linsmeier, Schroeder, Siegel, Smith

Board members absent: None

Staff in charge of topic: Dordik

Other staff at Board table: Cappiello, Proestakes, Brickman, Floyd, Meneley

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss issues on the development of an Exposure Draft addressing disclosures related to income tax.

The Board has not yet determined the timing of the release of the Exposure Draft.

Tentative Board Decisions:

The Board discussed income tax disclosures and decided that entities would be required to disclose the following:

1. That a change in tax law has been enacted, and it is probable that the change will affect the reporting entity in a future period
(Vote: 6 to 1)
2. If deferred taxes are not presented as a separate line item in the balance sheet, the line item(s) in which the amount is presented
(Vote: unanimous)
3. Domestic income taxes paid and foreign income taxes paid
(Vote: 6 to 1)
4. An explanation of the nature and amounts of the valuation allowance recorded and released during the reporting period.
(Vote: unanimous)

The Board also decided that all entities should disclose the rate reconciliation currently required in GAAP only for public companies. Furthermore, the current requirement would be modified to include:

1. If an individual reconciling item amounts to more than 5 percent of the amount computed by multiplying the income before tax by the applicable statutory federal income tax rate, disclose that amount separately
(Vote: unanimous for public entities, 4 to 3 for private entities)
2. A qualitative description of those items that have caused a significant movement in the rate year over year.
(Vote: unanimous for public entities, 5 to 2 for private entities)

The Board decided to revise the carryforward disclosure requirements to require that all entities disclose:

1. The *amounts* and *expiration dates* of the carryforwards recorded on the tax return (not tax effected)
(Vote: unanimous)
2. The *amounts* and *expiration dates* of the carryforwards that will give rise to a deferred tax asset (tax effected)
(Vote: unanimous)
3. The total amount of the unrecognized tax benefit that offsets the tax-effected carryforwards.
(Vote: unanimous)

The Board directed the staff to perform further outreach on all of the potential changes to income tax disclosures.

General Announcements: The Board directed the staff to begin drafting the amendments to disclosures related to fair value measurement. After it reviews the draft, the Board plans to meet to discuss any final issues.