

MINUTES



MEMORANDUM

To: Board Members
From: Rutzen, x384
Subject: Minutes of the March 23, 2016,
Disclosure Framework Board Meeting
Date: March 30, 2016
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. 95

Length of Discussion: 11:20 a.m. to 12:05 p.m. (EST)
12:35 p.m. to 1:45 p.m. (EST)

Attendance:

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

Board members absent: Buck

Staff in charge of topic: Dordik

Other staff at Board table: Cospers, Proestakes, Cappiello, Brickman, Koo, Meneley, Rutzen

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's technical plan calls for an Exposure Draft to be issued in Q3 2016.

Tentative Board Decisions:

The Board continued its initial deliberations on the disclosure requirements for income taxes.

The Board affirmed its prior decisions to require all entities to disclose the following:

1. That a change in tax law that is probable to have an effect on the entity in a future period has been enacted **(Vote: unanimous)**
2. Income (loss) before income tax expense (benefit) disaggregated between domestic and foreign **(Vote: unanimous)**
3. Income taxes paid disaggregated between domestic and foreign. **(Vote: unanimous)**

The Board decided that all entities would be required to disaggregate:

1. Income tax expense (benefit) between domestic and foreign **(Vote: unanimous)**
2. Foreign income taxes paid to any country that are significant relative to total income taxes paid. **(Vote: 5 to 2 for public entities, 4 to 3 for private entities)**

The Board clarified its prior decision related to the temporary difference for the cumulative amount of investments associated with undistributed foreign earnings that are essentially permanent in duration. All entities would be required to disclose the following:

1. The amount of and explanation for a change in assertion about the temporary difference for the cumulative amount of investments associated with undistributed earnings that are asserted to be essentially permanent in duration **(Vote: unanimous)**
2. The amount of and explanation for a change in assertion about the temporary difference for the cumulative amount of investments associated with undistributed earnings that are no longer asserted to be essentially permanent in duration. **(Vote: unanimous)**

The Board decided to reverse its prior decisions and not require all entities to disclose the following:

1. The line item(s) on the balance sheet in which the amount of deferred taxes are presented **(Vote: unanimous)**

2. Domestic income tax expense (benefit) on foreign sourced earnings. **(Vote: unanimous)**

The Board decided to reverse its prior decisions and not require private companies to disclose the following:

1. The rate reconciliation that is currently required for public companies **(Vote: 4 to 3)**
2. An explanation of the nature and amounts of the valuation allowance recorded and/or released during the reporting period **(Vote: unanimous)**
3. The amounts and expiration dates of operating loss and tax credit carryforwards recorded on the tax return basis, the amounts and expiration dates of carryforwards that will give rise to a deferred tax asset (tax effected), and the total amount of the unrecognized tax benefit that offsets the tax-effected carryforwards. **(Vote: unanimous)**

The Board decided to require prospective transition for all income tax disclosures. **(Vote: unanimous)**

The Board directed the staff to perform further outreach on the operability of disclosing the aggregate of cash, cash equivalents, marketable securities, and loans related to the temporary difference for the cumulative amount of investments associated with undistributed earnings that are essentially permanent in duration.

General Announcements: None.