

MINUTES



MEMORANDUM

To: Board Members
From: Meneley, x353
Subject: Minutes of the June 8, 2016,
Disclosure Framework Board Meeting
Date: June 14, 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. 97 and 98

Length of Discussion: 10:00 a.m. to 11:15 p.m. (EST)

Attendance:

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

Board members absent: Linsmeier

Staff in charge of topic: Dordik

Other staff at Board table: Cospers, Proestakes, Cappiello, 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 completed its initial deliberations on the disclosure requirements for income taxes.

The Board reversed its previous decision and decided not to require an entity to disaggregate the cumulative amount of indefinitely reinvested foreign earnings for any country that represents at least 10 percent of the total cumulative amount. Instead, the Board decided to require disclosure of the aggregate of cash, cash equivalents, and marketable securities held by foreign subsidiaries. **(Vote: 4 to 3)**

Currently, some disclosure requirements in Topic 740, Income Taxes, are required of public entities and some are required of nonpublic entities. The Board decided to replace the term *public entity* with the term *public business entity* as defined in the Master Glossary of the Codification. The result is that some disclosures will be required of public business entities while other disclosures will be required of entities other than public business entities. **(Vote: unanimous)**

The Board decided to require an entity to disclose the terms of any rights or privileges granted by a governmental entity directly to the reporting entity that have reduced, or may reduce, the entity's income tax burden. **(Vote: 6 to 1)**

The Board decided to revise the carryforward disclosure requirement in Topic 740 for a public business entity. A public business entity would be required to disclose:

1. The amounts of federal, state, and foreign carryforwards (not tax effected) by time period of expiration for each of the first five years after the reporting date and a total of the amounts for the remaining years. **(Vote: unanimous)**
2. The deferred tax asset for carryforwards (tax effected) before valuation allowance disaggregated by federal, state, and foreign. Those amounts should be further disaggregated by time period of expiration for each of the first five years after the reporting date and a total of the amounts for the remaining years. **(Vote: unanimous)**

The Board decided to revise the carryforward disclosure in Topic 740 for entities other than public business entities so that the amounts of federal, state, and foreign carryforwards (not tax effected) should be disclosed. **(Vote: unanimous)**

The Board directed the staff to draft a proposed Accounting Standards Update for vote by written ballot, with a comment period of 60 days or ending on September 30, 2016, whichever is longer. **(Vote: unanimous)**

General Announcements: None.