

MINUTES



MEMORANDUM

**To:** Board Members  
**From:** TAX2 Team (Carter x379)  
**Subject:** Minutes of June 15, 2016 Board Meeting  
**Date:** June 21, 2016  
**cc:** Stacey 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: Accounting for Income Taxes: Intra-Entity Asset Transfers

Basis for Discussion: FASB Memo No. 9

Length of Discussion: 8:15 a.m. to 9:00 a.m. (EDT)

Attendance:

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

Board members absent: None

Staff in charge of topic: Carter

Other staff at Board table: Cosper, Walsh, and Collie

Outside participants: None

**Type of Document and Timing Based on the Technical Plan:**

The Board met to discuss issues relating to the development of a final Accounting Standards Update addressing an improvement to the accounting for income taxes.

The Board's technical plan calls for that document to be issued in the third quarter of 2016.

**Tentative Board Decisions:**

The Board discussed feedback received through additional stakeholder outreach on the proposed Accounting Standards Update, *Income Taxes (Topic 740): Intra-Entity Asset Transfers*, and made the following decisions.

The Board decided to finalize the proposed amendments but retain the existing exception in GAAP only for intra-entity asset transfers of inventory. That is, the Board decided to require that an entity recognize the income tax consequences of an intra-entity asset transfer, other than an intra-entity asset transfer of inventory, when the transfer occurs. For intra-entity asset transfers of inventory, the Board decided to retain current GAAP, which requires an entity to recognize the income tax consequences when the inventory has been sold to an outside party.

(Vote: 4-3)

*Transition Method and Disclosures*

The Board decided that entities should apply the amendments on a modified retrospective basis, with a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption.

The Board affirmed the proposal that entities should disclose in the first annual period after adoption, and the interim periods within that first annual period, the nature of and reason for the change in accounting principle and certain quantitative information about the change in accounting principle.

(Vote: 7-0)

*Effective Date and Early Adoption*

The Board decided that public business entities should apply the amendments in annual reporting periods beginning after December 15, 2017, including interim reporting periods within those annual reporting periods.

The Board decided that entities other than public business entities should apply the amendments in annual reporting periods beginning after December 15, 2018, and interim periods in annual periods beginning after December 15, 2019.

(Vote: 6-1)

The Board decided to allow entities to early adopt the amendments as of the beginning of an annual reporting period beginning after the issuance date of the final Accounting Standards Update.

(Vote: 6-1)

*Permission to Ballot*

The Board decided that it has received sufficient information and analysis on the proposed amendments to make an informed decision on the issues presented and that the expected benefits of the amendments justify the perceived cost of change. The Board directed the staff to draft a final Accounting Standards Update for vote by written ballot.

(Vote: 7-0)

**General Announcements:**

None.