

**Disclosure Framework: Disclosure Review, Income Taxes  
Tentative Board Decisions Reached to Date  
As of February 12, 2020**

Topic	Decisions Reached	Meeting Date
<i>Field Study Results and Next Steps</i>	<ul style="list-style-type: none"> <li>• The Board discussed (1) results from the field study that was conducted to better understand the use of discretion in notes to the financial statements and (2) next steps in developing ways in which the Board can further promote the appropriate use of discretion. This will include reviews of disclosures of certain Topics, including fair value measurement, defined benefit plans, income taxes, and inventory. The Board made no technical decisions.</li> </ul>	April 4, 2014
<i>Undistributed Foreign Earnings</i>	<ul style="list-style-type: none"> <li>• The Board discussed disclosures about undistributed foreign earnings and decided that changes to existing disclosure requirements, if any, would be exposed for public comment as part of the Disclosure Review—Income Taxes project.</li> </ul>	January 7, 2015
<i>Disaggregation of Income Tax Information and Undistributed Foreign Earnings</i>	<ul style="list-style-type: none"> <li>• The Board decided that entities would be required to disclose the following:               <ol style="list-style-type: none"> <li>1. Income (loss) before income tax expense (benefit) disaggregated between domestic and foreign. Foreign income (loss) before income tax expense (benefit) would be further disaggregated for any country that is significant to total income (loss) before income tax expense (benefit). (This tentative decision was revised at the March 23, 2016 Board meeting.)</li> <li>2. Domestic tax expense recognized on foreign sourced earnings. (This tentative decision was revised at the March 23, 2016 Board meeting.)</li> <li>3. Amount of and explanation for a change in assertion about investments associated with undistributed foreign earnings that are no longer asserted to be indefinitely reinvested during the current period. (This tentative decision was revised at the November 14, 2018 Board meeting.) Separate disclosure should be made for any country that is significant to the disclosed amount. (This tentative decision was revised at the March 23, 2016 Board meeting.)</li> </ol> </li> </ul>	February 11, 2015

	<p>4. A further disaggregation of the current requirement to disclose the temporary difference for the cumulative amount of indefinitely reinvested foreign earnings if any country represents at least 10 percent of the disclosed amount. (This tentative decision was revised at the June 8, 2016 Board meeting.)</p>	
<i>Unrecognized Tax Benefits</i>	<ul style="list-style-type: none"> <li>• The Board decided to enhance the existing requirement to disclose a tabular reconciliation of the unrecognized tax benefits at the beginning and end of the period by requiring disclosure of: <ol style="list-style-type: none"> <li>1. Settlements using existing tax assets separate from those that are ultimately settled in cash (This tentative decision was revised at the November 14, 2018 Board meeting.)</li> <li>2. A breakdown of the ending balance of the liability for unrecognized tax benefits by the line items in the balance sheet in which the liability is recognized.</li> </ol> </li> <li>• The Board also decided that neither public entities nor private companies would be required to disclose the nature and an estimate of the range for a reasonably possible change in the unrecognized tax benefit balance in the next 12 months or a statement that an estimate of the range cannot be made.</li> </ul>	August 26, 2015
<i>Income Tax Disclosures</i>	<ul style="list-style-type: none"> <li>• The Board discussed income tax disclosures and decided that entities would be required to disclose the following: <ol style="list-style-type: none"> <li>1. That a change in tax law that is probable to have an effect on the reporting entity in a future period has been enacted (This tentative decision was revised at the November 14, 2018 Board meeting.)</li> <li>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. (This tentative decision was revised at the March 23, 2016, Board meeting.)</li> <li>3. Domestic income taxes paid and foreign income taxes paid (This tentative decision was revised at the February 27, 2019 Board meeting.)</li> <li>4. An explanation of the nature and amounts of the valuation allowance recorded and/or released during the reporting period. (This tentative decision was revised at the March 23, 2016 Board meeting.)</li> </ol> </li> <li>• The Board also decided that all entities should disclose the rate reconciliation currently required in GAAP only for public companies. (This tentative decision</li> </ul>	October 21, 2015

	<p>was revised at the March 23, 2016 Board meeting.) Furthermore, the current requirement would be modified to include:</p> <ol style="list-style-type: none"> <li>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</li> <li>2. A qualitative description of those items that have caused a significant movement in the rate year over year.</li> </ol> <ul style="list-style-type: none"> <li>• The Board decided to revise the carryforward disclosure requirements to require that all entities disclose: <ol style="list-style-type: none"> <li>1. The amounts and expiration dates of the carryforwards recorded on the tax return (not tax effected). (This tentative decision was revised at the March 23, 2016, Board meeting and the June 8, 2016, Board meeting.)</li> <li>2. The amounts and expiration dates of the carryforwards that will give rise to a deferred tax asset (tax effected). (This tentative decision was revised at the March 23, 2016, Board meeting and the June 8, 2016, Board meeting.)</li> <li>3. The total amount of the unrecognized tax benefit that offsets the tax-effected carryforwards. (This tentative decision was revised at the March 23, 2016, Board meeting.)</li> </ol> </li> <li>• The Board directed the staff to perform further outreach on all of the potential changes to income tax disclosures.</li> </ul>	
<p><i>Income Tax Disclosures</i></p>	<ul style="list-style-type: none"> <li>• The Board continued its initial deliberations on the disclosure requirements for income taxes.</li> <li>• The Board affirmed its prior decisions to require all entities to disclose the following: <ol style="list-style-type: none"> <li>1. That a change in tax law that is probable to have an effect on the entity in a future period has been enacted (This tentative decision was revised at the November 14, 2018 Board meeting.)</li> <li>2. Income (loss) before income tax expense (benefit) disaggregated between domestic and foreign</li> <li>3. Income taxes paid disaggregated between domestic and foreign. (This tentative decision was revised at the February 27, 2019 Board meeting.)</li> </ol> </li> </ul>	<p>March 23, 2016</p>

	<ul style="list-style-type: none"><li>• The Board decided that all entities would be required to disaggregate:<ol style="list-style-type: none"><li>1. Income tax expense (benefit) between domestic and foreign (This tentative decision was revised at the February 27, 2019 Board meeting.)</li><li>2. Foreign income taxes paid to any country that are significant relative to total income taxes paid. (This tentative decision was revised at the November 14, 2018 Board meeting.)</li></ol></li><li>• The Board clarified its prior decision on 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:<ol style="list-style-type: none"><li>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 (This tentative decision was revised at the November 14, 2018 Board meeting.)</li><li>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. (This tentative decision was revised at the November 14, 2018 Board meeting.)</li></ol></li><li>• The Board decided to reverse its prior decisions and not require all entities to disclose the following:<ol style="list-style-type: none"><li>1. The line item(s) on the balance sheet in which the amount of deferred taxes are presented</li><li>2. Domestic income tax expense (benefit) on foreign sourced earnings.</li></ol></li><li>• The Board decided to reverse its prior decisions and not require private companies to disclose the following:<ol style="list-style-type: none"><li>1. The rate reconciliation that is currently required for public companies</li><li>2. An explanation of the nature and amounts of the valuation allowance recorded and/or released during the reporting period</li><li>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</li></ol></li></ul>	
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	<p>effected), and the total amount of the unrecognized tax benefit that offsets the tax-effected carryforwards. (This tentative decision was revised at the November 14, 2018 Board meeting.)</p> <ul style="list-style-type: none"> <li>• The Board decided to require prospective transition for all income tax disclosures.</li> <li>• 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.</li> </ul>	
<p><i>Income Tax Disclosures</i></p>	<ul style="list-style-type: none"> <li>• The Board completed its initial deliberations on the disclosure requirements for income taxes.</li> <li>• 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. (This tentative decision was revised at the November 14, 2018 Board meeting.)</li> <li>• 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 <i>public entity</i> with the term <i>public business entity</i> 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.</li> <li>• 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. (This tentative decision was revised at the January 23, 2019 Board meeting.)</li> <li>• 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: <ul style="list-style-type: none"> <li>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</li> </ul> </li> </ul>	<p>June 8, 2016</p>

	<p>date and a total of the amounts for the remaining years. (This tentative decision was revised at the November 14, 2018 Board meeting.)</p> <p>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.</p> <ul style="list-style-type: none"> <li>• 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. (This tentative decision was revised at the November 14, 2018 Board meeting.)</li> <li>• 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.</li> </ul>	
<i>Income Tax Disclosures</i>	<ul style="list-style-type: none"> <li>• The Board made no technical decisions at this meeting.</li> <li>• The Board has scheduled a public roundtable meeting on the Disclosure Framework to discuss (1) the effectiveness of the concepts used as part of the Board's decision process in identifying relevant disclosures and (2) materiality's role in the notes to the financial statements. The disclosure reviews of four topics (fair value measurement, defined benefit plans, income taxes, and inventory) will help inform those discussions.</li> <li>• Following the roundtable, the Board plans to direct the staff to conduct additional outreach regarding the proposed disclosure requirements for income taxes.</li> </ul>	January 25, 2017
<i>Income Tax Disclosures</i>	<ul style="list-style-type: none"> <li>• The Board continued redeliberations of proposed Accounting Standards Update, <i>Income Taxes (Topic 740): Disclosure Framework—Changes to the Disclosure Requirements for Income Taxes</i>. The Board also considered whether new income tax disclosures should be added or existing income tax disclosures should be removed after considering the effects of the Tax Cuts and Jobs Act.</li> <li>• The Board decided not to require any additional disclosures for any provisions of the Tax Cuts and Jobs Act, including global intangible low-taxed income, the base erosion anti-abuse tax, or foreign-derived intangible income. The Board directed the staff to research practice to determine what disclosures, if any, entities currently provide for the transition tax under Internal Revenue Code</li> </ul>	November 14, 2018

section 965, which requires taxpayers that have untaxed foreign earnings and profits to pay a tax as if those earnings and profits had been repatriated to the United States.

- The Board decided to remove the disclosure in the proposed Update that would have required all entities to provide a description of an enacted change in tax law that is probable to have an effect in a future period.
- The Board decided to affirm the proposed amendment that would require all entities to disclose income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign. The Board also decided to amend the proposed disclosure to clarify that entities should disclose pretax income (or loss) from continuing operations before intra-entity eliminations.
- The Board decided to affirm the proposed amendment that would require all entities to disclose income tax expense (or benefit) and income taxes paid disaggregated between domestic and foreign. (This tentative decision was revised at the February 27, 2019 Board meeting.) The Board decided to remove the proposed amendment that would have required all entities to disclose income taxes paid to any country that is significant to the total amount of income taxes paid.
- The Board decided to remove the proposed disclosure that would have required all entities to provide an explanation of the circumstances that caused a change in the assertion about the indefinite reinvestment of undistributed foreign earnings and the corresponding amount of those earnings. The Board also decided to remove the existing guidance that requires all entities to disclose the cumulative amount of each type of temporary difference when a deferred tax liability is not recognized because of the exceptions to comprehensive recognition of deferred taxes related to subsidiaries and corporate joint ventures.
- The Board decided to remove the proposed amendment that would have required all entities to disclose the aggregate of cash, cash equivalents, and marketable securities held by foreign subsidiaries.
- The Board decided to remove the proposed disclosure that would have required public business entities to disclose, within the reconciliation of the total amounts of unrecognized tax benefits at the beginning and end of the period, settlements using existing deferred tax assets separate from those that have been or will be settled in cash.

	<ul style="list-style-type: none"><li>• The Board decided to affirm the proposed disclosure that would require public business entities to disclose the line items in the statement of financial position in which unrecognized tax benefits are presented and the related amounts of such unrecognized tax benefits with a minor clarification.</li><li>• The Board also decided to affirm the proposed amendment that would remove the disclosure that requires entities to disclose unrecognized tax benefits that could change in the next 12 months.</li><li>• The Board decided to affirm the proposed disclosure that would require public business entities to disclose the amount and explanation of the valuation allowance recognized or released during the reporting period.</li><li>• The Board decided to affirm the proposed disclosure that would modify the existing rate reconciliation requirement for public business entities to be consistent with SEC Regulation S-X, which requires separate disclosure for any reconciling item that amounts to more than 5 percent of the amount computed by multiplying the income before tax by the applicable statutory federal income tax rate. The Board also decided to affirm the proposed disclosure that would require public business entities to explain year-to-year changes in the reconciling items included in the rate reconciliation.</li><li>• The Board decided to remove the proposed requirement for public business entities to disclose the non-tax-effected amount of carryforwards. The Board also decided to add a requirement for public business entities to disclose the valuation allowance associated with the tax-effected amounts of federal, state, and foreign carryforwards.</li><li>• The Board decided to amend the proposed disclosure that requires entities other than public business entities to disclose the non-tax-effected amount of carryforwards by requiring those entities to show credit carryforwards separate from other carryforwards.</li><li>• The Board decided to require a disclosure of interim taxes paid for all entities that prepare interim financial statements.</li><li>• The Board directed the staff to incorporate the Board's decisions described above into a draft of a proposed Accounting Standards Update. The Board then will consider whether all the disclosures considered above should be included in a proposed Update or whether certain previously proposed amendments should be separated and included in a final Accounting Standards Update.</li></ul>	
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<p><i>Income Tax Disclosures</i></p>	<ul style="list-style-type: none"> <li>• The Board decided not to require that an entity disclose the amount of the transition tax liability resulting from the Tax Cuts and Jobs Act and the line item in the statement of financial position in which the liability is presented.</li> <li>• The Board decided not to require that an entity disclose a description of a legally enforceable agreement with a government, including the duration of the agreement, the commitments made with the government under that agreement, and the amount of benefit that reduces or may reduce its income tax burden.</li> <li>• The Board directed the staff to perform outreach on the operability and benefits of classifying tax expense and taxes paid on foreign earnings that are imposed by the country of domicile of the entity as a foreign or domestic amount.</li> </ul>	<p>January 23, 2019</p>
<p><i>Disaggregation of Income Tax Expense and Income Taxes Paid</i></p>	<ul style="list-style-type: none"> <li>• The Board decided to require the disaggregation of income tax expense (or benefit) and income taxes paid by federal or national, state, and foreign amounts. The Board clarified that income tax expense (or benefit) and income taxes paid on foreign earnings imposed by the jurisdiction of domicile should be included in the amount for that jurisdiction of domicile.</li> <li>• The Board decided to issue a revised proposed Update for public comment that includes amendments from all the decisions made since the Board issued its 2016 proposed Update.</li> <li>• The Board directed the staff to draft a proposed Accounting Standards Update for vote by written ballot. The Board decided to provide a comment letter period of either 45 days after issuance or May 31, 2019, whichever is later.</li> </ul>	<p>February 27, 2019</p>
<p><i>Income Tax Disclosures</i></p>	<ul style="list-style-type: none"> <li>• The Board discussed comment letter feedback received on its March 2019 revised proposed Accounting Standards Update, <i>Income Taxes (Topic 740): Disclosure Framework—Changes to the Disclosure Requirements for Income Taxes</i>.</li> <li>• The Board directed the staff to perform research and outreach on potential alternatives to disclose certain disaggregated income tax information. The Board also directed the staff to perform additional research on various other proposed amendments.</li> </ul>	<p>February 12, 2020</p>