

**Congress of the United States**  
Washington, DC 20515

July 24, 2023

Mr. Richard Jones  
Chair  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Dear Chair Jones,

We write to express concern with the recently proposed changes to accounting standards on income tax disclosures for U.S. companies. The proposed changes to incorporate certain jurisdiction-level disclosures in the tax rate reconciliation and the amount of income taxes paid do not live up to the Financial Accounting Standards Board's (FASB) core mission to provide material information that facilitates investment decision-making and reflect a politicized effort to name-and-shame companies and influence tax policy. We urge FASB to withdraw this proposal.

On March 15, 2023, FASB released a proposed Accounting Standards Update on Income Taxes (Topic 740) (ASU 740), which purported to set forth specific improvements to income tax disclosures that FASB asserted, without support, was being requested by financial statement users. The proposed disclosures of information likely will expose U.S. multinational entities to enhanced review and tax audits by foreign governments. In addition, the new accounting standards will put U.S. multinationals at a competitive disadvantage with their foreign counterparts because many foreign multinationals follow international financial reporting standards (IFRS) instead of U.S. Generally Accepted Accounting Principles (GAAP) and therefore will not be subject to the same rules as U.S. multinationals. Lastly, the new disclosures could harm U.S. multinationals because their foreign competitors will have access to a greater level of detail on U.S. companies' operations and tax strategies.

The FASB-proposed disclosures come on the heels of many countries taking steps to implement the OECD's Pillar Two Global Anti-Base Erosion rules, including the under-taxed profits rule (UTPR) that imposes additional taxes on a resident company based on the effective tax rate of companies that are related to the resident company. Foreign tax authorities may use FASB-proposed disclosures to supplement other tax information and heighten their scrutiny of, and make the case for higher taxes on, U.S. multinationals.

FASB should promote financial reporting that provides material, decision-useful information to investors and others who use financial reports. However, we are concerned that the scope of the newly-proposed accounting standards goes beyond trying to provide such information to investors, and instead reflects an effort to politicize financial reporting. Accordingly, we urge FASB to withdraw this proposal.

Sincerely,



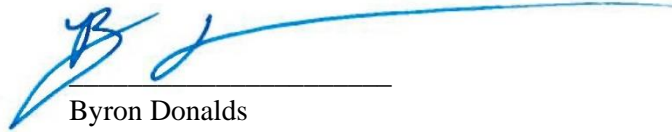
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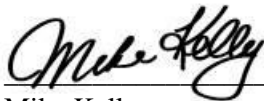
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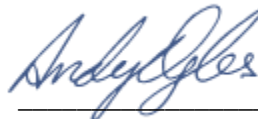
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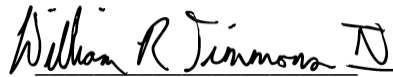
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