



February 7, 2023

Mr. Richard R. Jones
Chair
Financial Accounting Standards Board
801 Main Avenue
Norwalk, CT 06851

Re: Improvements to Income Tax Disclosures

Dear Chair Jones:

While the U.S. Chamber of Commerce (“Chamber”) supports the Financial Accounting Standards Board (“FASB”) in its mission to develop standards of financial reporting that provide investors with material decision-useful information, we have serious concerns with the FASB project entitled “Improvements to Income Tax Disclosures.” In particular, we are concerned about the materiality of the disaggregated information the project seeks to disclose and the role of activists in seeking to use this information to vilify firms and deter investments.

This project is not driven by a compelling need. A significant amount of income tax information is already disclosed in the financial statements and footnotes for investors. More granular tax information is reported to relevant domestic and foreign government agencies to ensure compliance. Financial disclosures facilitating investment decision-making and confidential tax compliance information are different—and mutually exclusive—propositions.

In recent years, non-investor activists have agitated for information regarding business tax payments, on a domestic and global level, in efforts to imply wrongdoing by firms who are in full compliance with the tax laws and regulations of relevant jurisdictions. This was highlighted in a recent *Politico Pro* article:

“For sure, this would be used by the tax planning shamers,” said Jeff Hoopes, an accounting professor at the University of North Carolina.¹

FASB should reject such an approach and draw guidance from the U.S. Court of Appeals for the D.C. Circuit’s holding in *National Association of Manufacturers, et al. v. Securities and Exchange Commission*, 800 F.3d 518 (D.C. Cir. 2015), that disclosures

¹ Brian Faler, *Corporations face a show-and-tell on their overseas taxes*, *Politico Pro* (Jan. 25, 2023), <https://subscriber.politicopro.com/article/article/2023/01/corporations-face-a-show-and-tell-on-their-overseas-taxes-00079236>.

designed to shame a business constitute compelled speech that violates the First Amendment.

The Chamber is concerned that recent demands for increased income tax disclosures derive from a politically driven narrative—namely, that corporations do not “pay their fair share”—and are not based on an investor mandate. Disseminating information that is more governmental in purpose—and that is already being reported to the government—is the province of federal regulators and Congress, not FASB. Furthermore, FASB should disclose those with whom it has consulted on this project. This basic level of transparency is important to understand the nature and scope of the recommendations influencing FASB’s position.

We understand that FASB is considering issuing a proposal in the first quarter of 2023 to expand both the quantitative and qualitative information disclosed by companies on matters related to income taxes. As the Board deliberates on this project, we hope that it will take these concerns into consideration. Additionally, we hope that FASB will be willing to meet with the business community to have a dialogue on the project and potential concerns if an exposure draft is released.

Sincerely,



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Executive Vice President
Center for Capital Markets Competitiveness
U.S. Chamber of Commerce



Watson M. McLeish
Senior Vice President,
Tax Policy
U.S. Chamber of Commerce

cc: Jim Kroeker, Vice Chairman, Financial Accounting Standards Board
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