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improve the effectiveness of disclosures in notes to financial statements by clearly communicating the information that is most important to users of a reporting ...

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The Financial Accounting Standards Board (FASB) recently issued a [proposed Accounting Standards Update](#) (ASU) that is intended to enhance disclosure requirements on income taxes. Stakeholders are encouraged to review and provide comment on the proposal by September 30, 2016.

The proposed ASU is part of the FASB's broader [disclosure framework](#) project to improve the effectiveness of disclosures in notes to financial statements by clearly communicating the information that is most important to users of a reporting organization's financial statements.

The proposed ASU would both modify existing disclosure requirements and provide additional disclosure requirements for income taxes. These modifications and additions include describing an enacted change in tax law, disaggregating certain income tax information between foreign and domestic, and explaining the circumstances that caused a change in assertion about the indefinite reinvestment of undistributed foreign earnings. It also will require disclosing the aggregate of cash, cash equivalents, and marketable securities held by foreign subsidiaries.

The proposed ASU differentiates disclosure requirements for public business entities as defined in the Master Glossary of the *FASB Accounting Standards Codification*<sup>®</sup> and for organizations other than public business entities.

Income taxes is one of four areas where the Board is evaluating improvements to existing disclosure requirements. Other areas the Board is addressing include an employer's disclosure of defined benefit plans, fair value, and inventory.

The [proposed ASU](#)—and a high-level *FASB in Focus* overview—is available at

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