



Charles Crain

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October 3, 2025

The Honorable Kurt Hohl  
Office of the Chief Accountant  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-1090

**Re: Financial Accounting Standards Board Accounting Standards Update 2023-09**

Dear Mr. Hohl:

On behalf of the National Association of Manufacturers (“NAM”), I am writing to share manufacturers’ concerns about Accounting Standards Update 2023-09 (“ASU 2023-09” or “Update”), which was issued by the Financial Accounting Standards Board (“FASB”) and will impact U.S. companies when they report their fiscal year 2025 results in early 2026. Given the substantial competitive harm to manufacturers in the U.S. posed by this Update, we ask the Commission to direct the FASB to withdraw or delay the effectiveness of ASU 2023-09.

The NAM is the voice of the manufacturing community and the leading advocate for a policy agenda that supports and empowers the 13 million people who make things in America. As the largest manufacturing association in the United States, the NAM’s membership includes businesses of all sizes, across all industrial sectors, and in all 50 states. Manufacturers collectively contribute \$2.94 trillion to the U.S. economy—and right-sized, commonsense disclosure rules are critical to sustaining the manufacturing strength that underpins our nation’s prosperity.

Like other business enterprises, manufacturers pay a significant amount of taxes to the federal government, U.S. states, and foreign governments around the world. While manufacturers have long provided detailed tax information to the relevant local and national tax authorities to support effective tax administration, this sensitive information has been traditionally kept confidential to avoid competitive harm to U.S. tax-paying businesses.

**I. ASU 2023-09 Requires the Disclosure of Sensitive, Non-Material Information That Will Not Be Useful to Investors**

The FASB’s stated mission is to “provide useful information to investors and other users of financial reports.” Traditionally, this information utility objective has led the FASB to establish standards requiring disclosure of material information—that is, information that would alter the total mix of information available about a given company to a reasonable investor, which is the same materiality standard the Commission applies. This time-tested approach ensures that U.S. companies incur cost burdens only to the extent necessary to prepare disclosures needed to inform shareholders’ investing decisions and otherwise can allocate the remaining resources to business growth and shareholder value creation. Unfortunately, ASU 2023-09 will undermine this materiality standard by mandating an approach to income tax disclosures that would require

the granular reporting of sensitive tax information far in excess of the information that a reasonable investor would need.

Under ASU 2023-09, companies will be required to include eight categories in their rate reconciliation tables: state and local income tax, foreign tax effects, new tax laws, cross-border tax laws, tax credits, valuation allowances, nontaxable or nondeductible items, and uncertain tax positions. In addition, separate disclosure is required for any other reconciling item not fitting into one of these eight pre-defined categories if its effect is equal to or greater than 5% of the amount computed by multiplying income (or loss) from continuing operations before tax by the applicable statutory income tax rate. To reduce compliance burdens and to ensure that any information disclosed is maximally useful to investors, the NAM asked<sup>1</sup> the FASB in 2023 to reconsider its approach these disclosure requirements, such as by modifying the proposed rate reconciliation table to require disclosure of each identified category only to the extent that it has a material effect on a company's effective tax rate. Such a change would focus the rate reconciliation table on the true drivers of a company's effective tax rate, increasing the utility of the table and limiting investor confusion and disclosure overload. The FASB opted not to modify the proposed rate reconciliation table or any other of its proposed disclosure requirements.

In our May 2023 comments, the NAM also opposed<sup>2</sup> the FASB's proposal for country-by-country reporting because of the highly sensitive nature of that information and likelihood that such information could be misused. Public disclosure of such tax data could undermine commercial confidentiality, enabling global competitors to discern private information about a U.S. company's strategies, profits, and performance that would undermine its competitiveness. If such disclosures were to be mandated, we asked the FASB to increase the threshold in order to lessen the burden of preparing the required disclosures and focus investors' attention on only those jurisdictions where a company has a significant operating presence and tax obligations as opposed to the FASB's more-granular approach. Regrettably, the final ASU 2023-09 retained the original country-by-country reporting requirement.

The FASB has argued that ASU 2023-09 is necessary to "address investor requests for more transparency about income tax information."<sup>3</sup> However, the released information will not offer any meaningful assistance to shareholders in making investment decisions. Analyzing that data will require a nuanced understanding of U.S., state, and international tax laws and likely will instead result in information overload. By effectively drowning investors with so much unhelpful information, they will struggle to make thoughtful investment decisions and may be misled toward incorrect conclusions about companies' tax burdens.<sup>4</sup> This sentiment has been echoed

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<sup>1</sup> See NAM Comments on FASB, Proposed Accounting Standards Update—Income Taxes (Topic 740): Improvements to Income Tax Disclosures (29 May 2023) at 2, *available at* <https://www.fasb.org/page/ShowPdf?path=TAXDISC.ED.014.NATIONAL%20ASSOCIATION%20OF%20MANUFACTURERS%20CHRIS%20NETRAM.pdf>.

<sup>2</sup> NAM Comments, *supra* note 1.

<sup>3</sup> FASB, Accounting Standards Update 2023-09—Income Taxes (Topic 740): Improvements to Income Tax Disclosures, at 1 (December 2023), *available at* [ACCOUNTING STANDARDS UPDATE 2023-09—Income Taxes \(Topic 740\): Improvements to Income Tax Disclosures](#).

<sup>4</sup> Chairman Paul Atkins stated during a recent interview that disclosure requirements "are drowning people in information" and investors have asked him to "please, please, do something about the

in comment letters by other organizations representing tax professionals and other industry sectors, which expressed significant concerns with the usefulness of the information that the Update requires.

## **II. ASU 2023-09 Likely Will Expose U.S. Companies to Foreign Retaliation**

The sweeping disclosures required by ASU 2023-09 will result in a competitive disadvantage for U.S. companies and could aid foreign nations in pursuing retaliatory actions or levying additional taxes on American companies. Indeed, since the FASB originally approved the Update in December 2023, geopolitical rivalries and tensions have intensified, resulting in significant challenges for U.S. businesses. Moreover, the United States is now in the midst of trade-related negotiations with dozens of countries. As a result, foreign nations may seek to retaliate by imposing additional taxation and disclosure burdens on U.S. companies.<sup>5</sup>

Against this backdrop, the required release of huge amounts of highly sensitive and detailed tax information by U.S. companies is concerning. Foreign nations may be able to use this information to identify economic and financial vulnerabilities and impose additional taxes and other financial burdens on U.S. companies. Furthermore, non-U.S. tax authorities may decide to increase their own tax rates on U.S. companies if they learn from the disclosed information that those companies have been paying more to other jurisdictions.

## **III. Compliance With ASU 2023-09 Will Be Costly for U.S. Companies**

Based on the comments submitted to the FASB, it is evident that ASU 2023-09 will be highly burdensome and impose substantial compliance costs on U.S. companies, especially given the limited time after the fiscal year end that corporate tax and accounting teams will have to prepare these more detailed financial statements. In addition, ASU 2023-29 will create additional work and potential confusion by requiring companies to document their tax liabilities in a different manner than what companies now use for their Pillar Two tax reporting obligations.

A study<sup>6</sup> conducted by Phylleos, Inc. and the National Foreign Trade Council surveyed 152 different companies in the U.S. across various industry categories. The survey results showed that those companies may experience tax-related compliance cost increases as high as 62% for impacted business functions. These cost increases, many of which could be passed down to consumers, include additional expenses such as bookkeeping, compliance, database management, equipment procurement, and staff training. There may also be a need for U.S. companies to incur costs for additional personnel in areas such as legal, accounting, finance,

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information overload.” See *Punchbowl News*, “Atkins talks crypto and those pesky quarterlies” (24 September 2025), available at <https://punchbowl.news/article/vault/atkins-talks-crypto/>.

<sup>5</sup> For instance, Australia has recently adopted a new public disclosure regime that requires multinational companies to publicly disclose country-by-country taxation information, while exempting domestic firms from that mandate. The NAM has joined with other U.S. business organizations in opposing this requirement. See Trade Association Letter to Treasury Secretary Scott Bessent on Australia Public Country-by-Country Reporting Regime (12 September 2025), available at <https://www.ici.org/system/files/2025-09/25-cl-australia-pcbcr-trades.pdf>.

<sup>6</sup> Phylleos and the National Foreign Trade Council, Economic Analysis and Simulation Modeling of Changes to the FASB’s Improvements to Income Tax Disclosures (September 2023), available at <https://www.nftc.org/wp-content/uploads/2023/09/Phylleos-Inc-NFTC-FASB-report-Final.pdf>.

and administrative support, as well as costs in connection with external audits of such information.

#### **IV. The Commission Should Direct the FASB to Withdraw or Delay ASU 2023-09**

The FASB, a quasi-governmental organization whose budget is approved by the Commission, is requiring U.S. companies to collect previously confidential tax information and disclose that information to the public, notwithstanding the limited materiality and usefulness of this information to investors. In doing so, the FASB is imposing significant costs and burdens on U.S. companies, as well as exposing these businesses to potential harm from foreign competitors and retaliation from foreign governments.

Accordingly, the NAM asks the Commission to exercise its oversight authority and direct the FASB to withdraw<sup>7</sup> or delay the effectiveness of ASU 2023-09 before companies prepare to file their fiscal year 2025 financial statements. Alternatively, we suggest that the SEC issue a Staff Accounting Bulletin confirming that the tax information that is the subject of the Update is not material to investors or provide guidance stating that the tax disclosures mandated by the Update are not required by Regulation S-X, which would allow issuers to disregard the burdensome mandates of ASU 2023-09.

Finally, we ask the Commission to act soon to address manufacturers' concerns about ASU 2023-09, as some calendar-year U.S. companies are already doing preliminary work to produce these additional disclosures in their year-end financial statements. Many other companies soon will be devoting additional time and expense to comply with the Update.

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Manufacturers look forward to the opportunity to discuss this important issue with you, Chairman Atkins, and each of the Commissioners.

Sincerely,



Charles Crain  
Managing Vice President, Policy

cc: Chairman Atkins  
Commissioner Peirce  
Commissioner Crenshaw  
Commissioner Uyeda

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<sup>7</sup> Withdrawal of ASU 2023-09 also would be consistent with the goals of President Trump's Executive Order 14219, which directed federal agencies to review "regulations that impose undue burdens on small business and impede private enterprise and entrepreneurship," as well as "regulations that impose significant costs upon private parties that are not outweighed by public benefits." Executive Order 14219, "Ensuring Lawful Governance and Implementing the President's 'Department of Government Efficiency' Deregulatory Initiative" (19 February 2025), *available at* <https://public-inspection.federalregister.gov/2025-03138.pdf>.