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Mr. Russell G. Golden, Chairman  
Financial Accounting Standards Board (FASB)  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

File Reference Nos. 2015-200-I Intra-Entity Asset Transfers and 2015-210-II Balance Sheet Classification of Deferred Taxes

Dear Chairman Golden:

Amgen appreciates the opportunity to comment on the Board's recent proposals, *Income Taxes (Topic 740): (I) Intra-Entity Asset Transfers and (II) Balance Sheet Classification of Deferred Taxes*. We support the FASB's ongoing simplification initiative to reduce the cost and complexity of complying with U.S. Generally Accepted Accounting Principles (GAAP) while maintaining or improving the usefulness of information provided to users of financial statements.

However, we strongly disagree with the *Intra-Entity Asset Transfer* proposal to remove the exception for recognition of tax effects on the intra-entity transfer of assets. We do not believe this proposal meets the simplification objectives and, in fact, further complicates the analysis of the related tax items. We do support the *Balance Sheet Classification of Deferred Taxes* proposal to classify all deferred taxes as noncurrent on the balance sheet and believe it achieves the simplification objectives. This proposal simplifies the deferred tax presentation process while maintaining or improving the usefulness of the resulting information.

#### *Intra-Entity Asset Transfers*

As stated above, we disagree with the FASB's recommendations to remove the exception for recognizing tax effects on intra-entity transfer of assets. This proposal does not simplify GAAP in terms of cost or complexity and does not improve the usefulness of the information provided to users of the financial statements. We believe the proposal may actually further complicate GAAP. In the absence of simplification for preparers of financial statements or

an improvement to the usefulness of information provided to users of financial statements, the additional cost of implementing this change is not warranted.

Further, this proposal is counterintuitive as it would require a tax provision on a transaction that does not otherwise produce a pre-tax gain or loss at the consolidated entity level. The resulting inconsistency between the tax provision and the pre-tax income is likely to increase confusion among users of financial statements. We believe users of financial statements would be concerned that period-to-period tax provisions and earnings were being affected, potentially significantly, by transfers of goods between members of a consolidated group.

In addition, we believe that practices and procedures under the existing guidance are well-established and understood. This proposal will require transition to requirements that will be as complex to implement as the original principles. Specifically, companies will need to modify their existing processes to accommodate the income tax accounting for intra-entity asset transfers by creating financial processes to forecast ending inventory balances by location and determine the appropriate period to recognize the corresponding tax impacts. The FASB may also need to consider providing guidance to specify the appropriate period over which the tax effects should be recognized in the financial statements to ensure consistency.

As the proposal does not reduce the costs or complexity in financial reporting nor does it improve or maintain the usefulness of the information reported to investors, we ask the FASB to reconsider this proposal. If the proposal is pursued, we encourage the FASB to consider a revision to this proposal to allow for an exception for routine, physical transfers of inventory. This more narrow exception would resolve many concerns with the proposal regarding the inventory supply chain while solving the perceived complexity that arises from other intra-entity asset transfers.

#### *Balance Sheet Classification of Deferred Taxes*

The proposal to classify all deferred taxes as noncurrent on the balance sheet simplifies the deferred tax presentation while maintaining or improving the usefulness of the resulting information. We believe this will also provide more consistent and understandable information to investors. Additionally, we also believe the cost to adjust the financial reporting processes will be minimal. We also support the prospective transition approach as it avoids unnecessary complexity related to previously reported financial statements.

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We appreciate the opportunity to comment on the two proposals. If you have any questions regarding our comments, please contact Annette Such at 805-447-2883.

Sincerely,



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