

Tax Insights: Preparing for ASU 2023-09 Income Tax Disclosures

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How to prepare for ASU 2023-09 - Improvements to Income Tax Disclosures

The Accounting Standards Update (ASU) 2023-09, issued by the Financial Accounting Standards Board (FASB), aims to enhance transparency and improve the clarity of income tax disclosures. Generally, [ASU 2023-09](#) is effective for public business entities beginning in calendar year 2025 and other entities one year later. This update introduces several key changes that impact how companies report income tax-related information in their financial statements.

High-level Impacts



Enhanced disclosures around rate reconciliations



Disclosure of income taxes paid



Adding income tax expense as a disclosure



Disaggregating by federal (national), state, and foreign taxes the income tax expense (or benefit) from continuing operations



Disaggregation between domestic and foreign taxes of income (or loss) from continuing operations before income tax expense (or benefit)



Updates to unrecognized tax benefits (UTB) disclosure



Eliminating the cumulative amount of each non-recognized deferred tax liability

Steps to implement:

- Assess current disclosure practices
- Coordinate with tax and accounting teams
- Develop internal tax department systems and processes
- Provide training and education
- Update financial reporting processes

Preparing for Implementation



By taking these steps, companies can ensure they comply with the updated disclosure requirements under ASU 2023-09 and minimize any risks related to inaccurate or incomplete income tax disclosures.

For More Information



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