

MINUTES



Financial Accounting  
Standards Board

**To:** Board Members  
**From:** Yust, Glotzer (x212), and Fanning (x296)  
**Subject:** Minutes of the December 17, 2008 Board Meeting: Redeliberation of Issues Raised in Comment Letters  
**Date:** January 19, 2009  
**cc:** Leisenring, Golden, Stoklosa, Proestakes, Glotzer, Malcolm, Inzano, Mechanick, C. Smith, Fanning, Gabriele, Posta, Chookaszian, Allen, Klimek, Sutay, FASB Intranet

*The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Board's deliberations. All of the conclusions reported are tentative and may be changed at future Board meetings. Decisions become final only after a formal written ballot to issue a final Statement, Interpretation, or FASB Staff Position.*

Topic: Redeliberation of Issues Raised in Comment Letters

Basis for Discussion: Board Memorandum No. 6

Length of Discussion: 11:15 a.m. to 11:35 a.m.

Attendance:

Board members present: Herz, Linsmeier, Seidman, Siegel, and Smith

Board members absent: None

Staff in charge of topic: Glotzer

Other staff at Board table: FASB: Golden, Proestakes, Yust, and Fanning

### Summary of Decisions Reached:

The Board discussed the comments received on proposed FASB Staff Position (FSP) FIN 48-c, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*.

The Board affirmed its previous decision that nonpublic enterprises may elect to defer their application of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, for an additional year (until annual financial statements for fiscal years beginning after December 15, 2008). Also, the Board affirmed its previous decision to not permanently exempt nonpublic enterprises from the scope of Interpretation 48.

The Board decided that nonpublic enterprises that elect the deferral should include an explicit disclosure of that election and also disclose its accounting policy for evaluating uncertain tax positions in each set of financial statements to which the deferral applies.

The Board directed the staff to proceed to a draft of a final FSP for vote by written ballot.

The Board directed the staff to proceed with the second phase of the project that will (1) develop guidance on the application of Interpretation 48 to pass-through entities and not-for-profit organizations and (2) amend the disclosure requirements for nonpublic enterprises. The Board set a goal of finalizing the second phase in the first quarter of 2009.

### Objectives of Meeting:

The objectives of the meeting were to discuss comments received on proposed FSP FIN 48-c, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*, and the plans for deliberations on the second phase of the project. The objectives of the meeting were met.

### Matters Discussed and Decisions Reached:

1. Mr. Yust stated that the staff received comments from 16 respondents, most of which were from non-Big 4 CPA firms or CPA practitioners. The staff also

received responses from the AICPA Technical Issues Committee, the Private Company Financial Reporting Committee, and Financial Executives International.

#### **Issue 1: Deferral of Interpretation 48**

2. **Staff Recommendation:** The staff recommended that the Board reaffirm its previous decision to defer Interpretation 48 for an additional year and to reaffirm its decision to not indefinitely defer or permanently exempt nonpublic enterprises from Interpretation 48.
3. **Board Vote:** Messrs. Herz, Smith, and Siegel, and Ms. Seidman voted to support the staff recommendation. Mr. Linsmeier dissented from the issuance of the final FSP.
4. **Board Comments:** Mr. Linsmeier did not think the issues for pass-through entities were significant enough to warrant the deferral. He was also concerned that more respondents did not comment on problems associated with applying Interpretation 48 to pass-through entities.

#### **Issue 2: Disclosure Modification**

5. **Staff Recommendation:** The staff recommended that the Board require a disclosure that Interpretation 48 has not been adopted by entities that are eligible for the deferral and elect to delay its implementation.
6. **Board Vote:** The Board unanimously agreed to support the staff recommendation and to require additional disclosure of an entity's accounting policy for assessing income tax uncertainties.
7. **Board Comments:** Mr. Herz believed that an entity should also be required to disclose how it assesses uncertain income tax positions if it is not required to follow Interpretation 48. Mr. Siegel agreed that it would help users who were trying to analyze companies that had not applied Interpretation 48.

#### Follow-up Items:

Mr. Glotzer stated that the staff would quickly proceed with the second phase of the project with the goal of issuing the related FSP in the first quarter of 2009.

General Announcements:

The FASB chairman announced that a project was added to the Board's agenda to approve the FASB Accounting Standards Codification as the single source of authoritative U.S. GAAP, effective July 1, 2009, and revoke FASB Statement No. 162, *The Hierarchy of Generally Accepted Accounting Principles*.