



Letter of Comment No: 101
File Reference: 1215-001
Date Received: 9/14/05

By Electronic Delivery

September 13, 2005

Technical Director
Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

RE: File Reference No. 1215-001 – Accounting for Uncertain Tax Positions

Dear FASB Technical Director:

We are writing in support of the Investment Company Institute (“ICI”) comment letter filed on September 12, 2005 urging that the Proposed Interpretation of FASB Statement No. 109, *Accounting for Uncertain Tax Positions* (the “Proposal”) not be applied in its current form to the financial statements of mutual funds and other investment companies (“funds”) registered with the Securities and Exchange Commission (“SEC”).

In particular, we would like to emphasize that the rationale for the Proposal --“increased comparability in financial reporting of income taxes”-- does not apply to funds, which typically do not pay income tax. A key attribute of a fund is its qualification as a RIC under Subchapter M of the Internal Revenue Code, which allows the fund to effectively eliminate fund-level income tax by deducting the dividends paid to its shareholders.

Further, we are concerned that fund shareholders will be economically harmed because of the unique relationship between the price at which a fund’s shares are purchased and sold and the fund’s net asset value (“NAV”) as determined under generally accepted accounting principles. The value of a fund shareholders’ investments could be artificially depressed or inflated as a result of the recording or reversal of tax liability based on the *probable* standard currently contained in the Proposal.

Accordingly, we support the ICI recommendation that these funds should be excepted from the Proposal’s scope or subject to the *more likely than not* standard.

If we can provide you with any additional information regarding these issues, please do not hesitate to contact me.

Sincerely,

Thomas J. Higgins
Fund Treasurer