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December 3, 2004

Mr. Lawrence W. Smith
Director, TA&I - FSP
Financial Accounting Standards Board
401 Merritt 7
P. O. Box 5116
Norwalk, CT 06856-5116

Letter of Comment No: 16
File Reference: FSPFAS109

Proposed FASB Staff Position No. FAS 109-a, Application of FASB Statement No. 109, *Accounting for Income Taxes*, for the Tax Deduction Provided to U.S. Based Manufacturers by the American Jobs Creation Act of 2004

Dear Mr. Smith:

We are pleased to comment on the proposed FASB Staff Position No. FAS 109-a, Application of FASB Statement No. 109, *Accounting for Income Taxes*, for the Tax Deduction Provided to U.S. Based Manufacturers by the American Jobs Creation Act of 2004 (FSP FAS 109-a or the Proposed FSP).

We commend the staff for addressing, in such an expeditious manner, a current practice issue that affects a broad spectrum of U.S. enterprises.

We support the issuance of FSP FAS 109-a as a final position of the FASB staff. The tax deduction provided to U.S. Based Manufacturers by the American Jobs Creation Act of 2004 (the Manufacturing Deduction) has the characteristics of a Special Deduction, as described in paragraph 231 of Statement 109 and should be accounted for as such.

However, we believe that the staff should consider whether the examples in the Appendix to the proposed FSP reflect the current views on the application of the Internal Revenue Code, as it relates to calculating the Manufacturing Deduction.

We appreciate your consideration of our comments. If you have any questions concerning our comments, please contact Tim McKay at (415) 783-5366 or Chuck Lischer at (203) 761-3777.

Yours truly,

Deloitte & Touche LLP