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LETTER OF COMMENT NO. /2

Mr. Lawrence Smith  
Director of Technical Application and  
Implementation Activities  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Dear Mr. Smith:

BDO Seidman, LLP is pleased to offer comments on the FASB's Exposure Draft (ED), FSP FIN 48-a, *Definition of Settlement in FASB Interpretation No. 48*. We support issuance of the proposed FSP, because we believe that it provides understandable and operational guidance on the definition of "ultimate settlement" and how the results of examinations by taxing authorities should be analyzed under Interpretation 48.

Paragraph 4 of the ED introduces a new term to the accounting literature: "highly unlikely," as in "it is considered highly unlikely that the taxing authority would reexamine the tax position." To ease implementation of the FSP, we believe it would be preferable to use an existing, similar term rather than creating a new one. The existing term that seems most similar is "remote." Another alternative would be to use the existing term "reasonably assured," as in "it is considered reasonably assured that the taxing authority would not reexamine the tax position."

If the Board feels that no existing term captures the right probability level for this judgment about taxing authorities, then the Board should at least explain the relationship of "highly unlikely" to "remote." In conversations with two individual Board members, we have received conflicting guidance, with one stating that "highly unlikely" is a lower probability than "remote," and the other saying the opposite.

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We would be pleased to discuss our comments with the Board or the FASB staff. Please direct questions to Ben Neuhausen at 312-616-4661.

Very truly yours,  
s/ BDO Seidman, LLP