



Stacey Sutay

LETTER OF COMMENT NO. 9

From: Chris Weinell [chrisw@tucsontractor.com]
Sent: Monday, January 14, 2008 4:58 PM
To: Director - FASB
Subject: FIN 48 comment

To Whom It May Concern:

I have to share my 2 cents with what I consider the most idiotic standard that FASB has ever proposed and implemented. Sorry for such strong words but what was FASB thinking? To my understanding, there is absolutely no other liability that needs to be accrued under standards similar to those that FASB has imposed on FIN 48. Unless the foundation of accounting for uncertainty has changed, which served us well since 3/75 (and prior), liabilities should be accrued under the following circumstances:

FASB 5 issued 3/75 Requires accrual by a charge to income (and disclosure) for an estimated loss from a loss contingency if two conditions are met: (a) information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements, and (b) the amount of loss can be reasonably estimated. Accruals for general or unspecified business risks ("reserves for general contingencies") are no longer permitted. Accounting for gain contingencies under Accounting Research Bulletin No. 50, *Contingencies*, remains unchanged; they are recognized when realized.

Why should accruing for income taxes be different than any other liability? Under FIN 48, a liability must be accrued ignoring the first criteria which is "that is likely to occur." Since at most less than 2% of income tax returns are audited, the first criterion clearly is not applicable. Maybe my understanding of accounting has been incorrect for the past 20 plus years in public and private industry and I need to go back to school to learn when a liability must be accrued on the financial statement.

At what point did the board of FASB start to begin receiving their paychecks from the IRS? To put public accountants at diametrically opposite points of view with their clients is ludicrous. On the one hand, public accounting firms are asked by their clients to give tax advice which sometimes includes giving positions that may not be 100% clearly defined in the code but they have enough support to base their opinions. Now you want public accounting firms to prepare the roadmap for the IRS in which to challenge each and every grey area in their client's tax returns and financial statements. This will clearly lead to less information being shared between clients and their accounting firms and instead of being more transparent, financial statements over time will be less transparent. This obviously is not the goal of FIN 48.

What other profession asks its members to fall on the knife as we are doing to ourselves as a result of the Enron era? Sure there are unethical accountants and no amount of changes to accounting standards will change that for those who are unethical. This standard needs not only to be delayed but repealed for all entities immediately.

Yours truly,
Tucson Tractor Company

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