



Letter of Comment No: 64  
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Technical Director – File Reference 1215-001  
Financial Accounting Standards Board  
401 Merritt 7, P.O. Box 5116  
Norwalk, CT 06856-5116

RE: Proposed Interpretation on Accounting for Uncertain Tax Positions

Dear Members of the Board:

eBay appreciates the opportunity to comment on the Exposure Draft “Accounting for Uncertain Tax Positions an Interpretation of FASB Statement No. 109.” We agree with the need to clarify the accounting for uncertain tax positions and believe that the Interpretation when implemented will significantly reduce diversity in current practice. However, adoption of the Interpretation will require significant attention from companies’ accounting staff and advisors. In addition, we believe clarification is required with respect to certain key aspects of the proposed Interpretation.

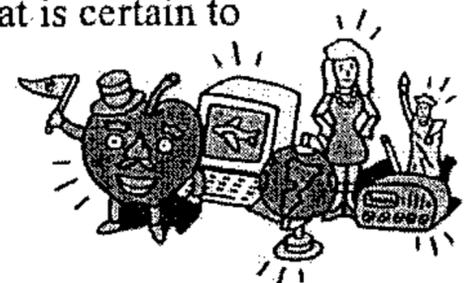
Effective Date

The initial effort of identifying all tax positions in the proposed manner will be substantial. Evaluating each position to determine whether or not the probable recognition threshold is met and assessing available evidence will be a resource intensive and time consuming exercise. In some cases this will involve obtaining opinions from outside counsel that historically would not have been required. Under the proposed timing, these considerable additional efforts will come during the heavy demands of fourth quarter close and year end reporting. As a result, we recommend that the FASB defer the effective date of the proposed Interpretation. Doing so would provide adequate time to address the concerns raised in this and other comment letters and would provide adequate time for companies to evaluate and appropriately implement the guidance in the final Interpretation.

We further recommend that the Board address the technical matters noted in the following paragraphs in the final Interpretation.

Unit of Account

Based on the guidance in the proposed Interpretation, evaluating the unit of account for a tax position would be a highly judgmental exercise that is certain to



result in diversity in practice. While we agree with the Board's statement in paragraph 9 that "the appropriate unit of account for a tax position... is a matter of the individual facts and circumstances of that position", we note that the Interpretation provides no additional guidance for companies to consider in making this specific determination. While the example in paragraphs A2 through A11 acknowledges and concludes on the unit of account, it does not provide any insight as to the process used in reaching that conclusion.

Transition Provisions

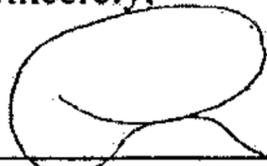
We believe one aspect of the transition requires additional clarification. Under the guidance of EITF 93-7 *Uncertainties Related to Income Taxes in a Purchase Business Combination*, adjustments to acquired uncertain tax positions would be treated as an adjustment to purchase price. Under the transition provisions of the proposed Interpretation, adjustments would universally be treated as a cumulative effect of a change in accounting principle. We request that the final Interpretation specifically address this discrepancy.

Recognition

We support the Board's decision to adopt a dual threshold approach for recognition/de-recognition of uncertain tax positions. We believe this is an appropriate approach to limit unnecessary volatility in financial reporting. We do however note a need for clarification regarding the interaction between this Interpretation and FASB Statement No. 5 *Accounting for Contingencies* (FAS 5). For example, an uncertain tax position subject to accounting under this Interpretation may eventually become a matter of litigation, potentially subject to FAS 5. FAS 5 has distinctly different recognition and de-recognition criteria for liabilities and contingent gains. The final Interpretation should clarify the resolution to this conflict in the threshold for recognition and de-recognition.

In conclusion, we strongly encourage the Board to immediately defer the proposed effective date of the Interpretation to provide adequate time to consider the matters included herein and to provide companies adequate time to evaluate and implement the new guidance. We appreciate your consideration of our comments on this important matter.

Sincerely,



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Douglas Jeffries  
Vice President, Chief Accounting Officer