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Proposed FASB Staff Position No. FIN 48-d, "Application Guidance for Passthrough Entities and Tax-Exempt Not-for-Profit Entities and Disclosure Modifications for Nonpublic Entities"

Dear Mr. Golden:

We are pleased to comment on the above mentioned proposed Financial Accounting Standards Board (FASB or the Board) Staff Position No. FIN 48-d, "Application Guidance for Pass-through Entities and Tax-Exempt Not-for-Profit Entities and Disclosure Modifications for Nonpublic Entities" (the proposed FSP). Ernst & Young supports the issuance of the proposed FSP. However, we believe certain of the examples in the proposed FSP should be revised to clarify that a detailed evaluation of the tax positions taken by a pass-through entity may be unnecessary for jurisdictions where income tax is attributed to the owners and not the entity.

The proposed FSP provides guidance to pass-through entities with respect to evaluating nexus rules for filing a return in a particular jurisdiction. It is our understanding that the laws and regulations of a vast majority of the taxing authorities in the United States attribute income and the related tax to the owners. Similar to the highly certain tax position measurement example in paragraphs A19-A20 of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, we expect that in many cases management has a high degree of confidence, with respect to a tax position related to nexus, as to the operation of a taxing jurisdiction's laws and regulations attributing income taxes to the owners. To improve the clarity of the proposed FSP, we recommend that the Board revise proposed paragraph A34 to indicate that the evaluation of nexus has to be made for all jurisdictions unless management is highly confident that taxes will not be attributed to the entity based on the operation of the taxing jurisdiction's law and regulations.

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We would be pleased to discuss our comments with the Board members or the FASB staff at your convenience.

Very truly yours,

