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Mr. Russell G. Golden  
Director of Technical Application & Implementation Activities  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

**File Reference: Proposed FSP FIN 48-d**

Dear Mr. Golden:

Deloitte & Touche LLP is pleased to comment on proposed FASB 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").

We support the Board's efforts to provide guidance on the application of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, to pass-through entities and tax-exempt not-for-profit entities. Appendix A includes our responses to the specific questions on which the Board has requested feedback, and Appendix B includes other suggestions for Board consideration.

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Deloitte & Touche LLP appreciates the opportunity to comment on the proposed FSP. If you have any questions concerning our comments, please contact Richard Paul at (203) 761-3457.

Yours truly,

Deloitte & Touche LLP

cc: Bob Uhl

**APPENDIX A**  
**Deloitte & Touche LLP**  
**Responses to Notice for Recipients**

*Question 1: This proposed FSP has taken a principles-based approach to provide guidance on the application of Interpretation 48 to pass-through entities and tax-exempt not-for-profit entities. Will the guidance enable those entities to properly apply Interpretation 48? If not, how should the guidance be improved?*

We support the FASB's use of a principles-based approach to clarify the application of Interpretation 48 to pass-through and tax-exempt not-for-profit entities and believe that the guidance provided by such an approach will allow these entities to properly apply Interpretation 48.

*Question 2: Paragraph 8 of this proposed FSP identifies four issues related to questions about the implementation of Interpretation 48 for pass-through entities and tax-exempt not-for-profit entities. The Board decided not to provide guidance on whether or not a tax is an income tax because that issue applies to many types of entities and goes beyond the scope of the current project. Do you agree with the Board's decision? If not, why not? Are there issues other than those identified in paragraph 8 that the Board should address? If so, please identify those issues and provide suggested guidance. Are there any issues that should not be included? If so, please identify those issues and explain your reasoning.*

We agree with the Board's decision not to provide guidance on whether a tax is an income tax. The determination of when a tax is considered an income tax requires judgment and is often challenging. Accordingly, if the Board decides that guidance on determining when a tax is an income tax is necessary, we recommend that the Board consider the issue more broadly and not limit it to pass-through entities or tax-exempt not-for-profit entities.

*Question 3: This proposed FSP would modify the disclosure requirements of Interpretation 48 for nonpublic entities, including nonpublic not-for-profit entities, to eliminate the disclosures required by paragraphs 21(a) and 21(b) of that Interpretation. Do you agree with the proposed modification to the disclosure requirements? If not, why not?*

Paragraph 10 of the proposed FSP states that users of nonpublic-entity financial statements do not find useful the disclosures required by paragraphs 21(a) and 21(b) of Interpretation 48. If that is the case, we agree with the proposal to eliminate these disclosure requirements.

## APPENDIX B

### Deloitte & Touche LLP Comments

This appendix contains our suggested editorial changes to the proposed FSP. (Added text is underlined and deleted text is ~~struck out~~.)

15. The term *tax position* as used in this FSP is ~~the same as that term is~~ defined in paragraph 4 of Interpretation 48.

22.c. ~~Even if Entity N were not subject to income taxes on unrelated business income, a tax position it still~~ Entity N has to ~~should~~ consider the tax position of ~~is~~ whether or not it qualifies as a tax-exempt not-for-profit entity, in addition to the tax position of whether it is subject to income taxes on unrelated business income.

28. The following example illustrates those principles in the first sentence of paragraph 27:

Entity A, a partnership with two partners, owns a 100 percent interest in Entity B and is required to issue consolidated financial statements. Entity B is a taxable entity that has unrecognized tax positions and a related liability for unrecognized tax benefits. Because entities within a consolidated or combined group should consider the tax positions of all entities within the group regardless of the tax status of the reporting entity, Entity A shall include in its financial statements the assets, liabilities, income, and expenses of both Entity A and Entity B, including those relating to the application of accounting and disclosure requirements of Interpretation 48 to Entity B. This is true even though Entity A is a pass-through entity.