June 16, 2009

Via electronic and regular mail

Technical Director, FASB
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

File Reference: Proposed FSP FIN 48-d.

Dear Technical Director:

The Accounting and Auditing Interest Group of the New Jersey Society of Certified Public Accountants is pleased to offer our comments on this exposure draft. The exposure draft has requested comments on three items. We will comment accordingly.

Issue 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?

Our members believe that the guidance as currently written is insufficient to enable entities to properly apply Interpretation 48. There is much ambiguity as to certain definitions which have a major impact on how the interpretation would be applied. The guidance needs to be much more specific, providing examples as to how the principles should be applied in some common situations. This comment is in particular applicable to Paragraph 23. Our group could not agree on the intent meant by the statements "attribution of income taxes to the entity or its owners" and "transactions with owners". The majority felt that statement implied that there would be no recording of any transaction at the Company level for taxes ultimately paid by the owners in pass through entities. For example in a partnership, if a tax position taken could result in additional taxable income, this additional income would increase the partners' personal tax liability, but have no entity level impact. However, some of our members felt this provision meant that the partnership would record a liability for the potential individual taxes due. The partnership would also record a corresponding entry as a distribution to the partners for the taxes.
Technical Director, FASB
June 16, 2009
Page 2

Issue 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.

The definition of a tax position and examples starting at Paragraph 16 are very helpful. The specific examples will enhance implementation.

As mentioned above, we believe the section regarding "Attribution of income taxes to the entity or its Owners" is unclear and confusing. It seems to allow for a broad interpretation of the principles. This will create inconsistent treatment of the interpretation. Enhanced definitions of each item and specific examples would help greatly.

Issue 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?

We agree with the modification. However, we would like additional clarification and guidance for the following situation. The Company believes they have no Interpretation 48 issues. Are there any required disclosures stating that the Company does not believe they have any Interpretation 48 issues? Is the fact that nothing is disclosed sufficient? If there should be a disclosure, an example of it would be beneficial.

Respectfully submitted,

Carol Donatiello/ ms

Carol Donatiello, Chair
Accounting and Auditing Interest Group
New Jersey Society of Certified Public Accountants

cc: Ralph Albert Thomas, Executive Director
New Jersey Society of CPAs

Robert Traphagen, President
New Jersey Society of CPAs