

From: Joe King [mailto:jking@fandkcpa.com] Sent: Tuesday, January 08, 2008 7:39 PM

To: Director - FASB Subject: FSP FIN 48-b

Director,

I think that FIN 48 should be **indefinitely** deferred for S-Corps, LLCs and other passthrough entities (or exclude them entirely) until a reasonable amount of time **after** the FASB issues sensible and understandable guidance on how this is implemented when such entity has no tax liability.

Everything that I have read in FIN 48 talks about accruals of hypothetical tax and related penalties, which would seemingly result in zero for these entities, unless they fail to file in a required jurisdiction. By somehow requiring passthough entities to make such hypothetical accrual, are you then saying that a current tax accrual is also necessary? Nothing in accounting standards currently requires that accrual, as far as I am aware.

I have been practicing accounting for 33 years and have been an active peer reviewer for over 17 years, including 3 terms on Kentucky's Peer Review Committee and 2 years as Committee Chair, and I support good accounting standards which improve financial reporting. However, some standards seem to go beyond the realm of common sense for nonpublic entities and involve substantial subjectivity and additional professional time and expense for such clients. FASB 107 on fair value disclosures as affects nonpublic banks exceeding \$100 million in assets is one good example. Such nonpublic banks strain to develop these numbers and must use estimates that are wildly arbitrary (where do you get an accurate market interest rate for each individual loan in your portfolio?). FASB 142 on impairment of goodwill is another example of burden on a nonpublic company. Who is qualified to "measure impairment"? I could get business valuations from three different sources, all with numerous impressive credentials and intitials and wind up with values differing by substantial amounts. A short-term (10 years or less) amortization would make much more sense in the nonpublic environment, since a new acquirer will eventually either thrive on its own merits or waste the business into ruin.

I go on this tirade simply to express what most local practitioners (including many very capable and technically current ones) discuss in our meetings, seminars and peer reviews. There needs to be more consideration given to cost and effect of accounting standards to the nonpublic sector. I know Enron and World Com were disasters and very embarrassing to the accounting profession, but the small business and small practitioner community are unfairly suffering from the fallout. Thank you.

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