



CREDIT SUISSE GROUP
Paradeplatz 8
PO Box 1
8070 Zurich
Switzerland

4 May 2006

Mr. Lawrence W. Smith
Director of Technical Applications and Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116
USA
director@fasb.org

Re: Draft Abstract EITF Issue 06-3: *“How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)”*

Dear Mr. Smith:

Credit Suisse Group (“CSG”) appreciates the opportunity to express our view on the Financial Accounting Standard Board’s (“FASB”) Emerging Issues Task Force (“EITF”) Draft Abstract Issue 06-3: *“How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)”* (“the Document”) as posted to the FASB’s website. CSG’s consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (“US GAAP”).

As a global financial institution, we are familiar with the diverse number of taxes assessed by governmental authorities on an equally diverse population of transactions. We agree that it is a challenge to summarize the characteristics of these types of transactions into a straightforward model. As such, we broadly agree with the consensus reached in the Document regarding the proposed guidance’s scope as well as the conclusion that a reporting entity’s decision to present such taxes on a gross or net basis in its financial statements should be a matter of that reporting entity’s accounting policies that should be disclosed.

Scope

We agree that the scope of this issue should include any tax assessed by a governmental authority that is directly imposed on a revenue-producing transaction between a seller and a customer and may include, but is not limited to, sales, use, value added, and certain excise taxes. We believe such a scope achieves the correct balance between a limited scope of only sales, use and value added taxes and an overly broad scope that would include all nondiscretionary amounts assessed by governmental authorities, even if the assessment were not the result of a revenue-producing transaction.



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Presentation

We agree that a reporting entity's decision to present such taxes on a gross or net basis in its financial statements should be a matter of that reporting entity's accounting policy that should be disclosed. This provides the reporting entity the appropriate flexibility to apply judgement in assessing its business activities and determining which of the two presentation options available, gross or net, provides the reader with the most useful information.

Accounting Policies

We agree as well with the reasoning in paragraph 6 of the Document that since this proposed guidance would require additional disclosures only, a reporting entity would not be required to re-evaluate its existing policies regarding the presentation of such taxes. In that regard we note that the language in paragraph 4 of the Document as well as the reference to "policies" (in plural) in paragraph 6 leads to an interpretation that a reporting entity may have a policy to account for one group of in-scope taxes on a gross basis and a policy to account for another group of in-scope taxes on a net basis as long as those respective policies are disclosed. If this interpretation is the intention of the FASB Board, we suggest that this point be made more explicit in the document.

If you have any questions or would like any additional information on the comments we have provided, please do not hesitate to contact Eric Smith in New York on (212) 538-5984 or Christopher Harris in Zurich on (41)-44-333-8395.

Sincerely,

Rudolf Bless
Managing Director
Chief Accounting Officer

Christopher Harris
Vice President
Group Accounting Policies