



## Committee on Private Companies

June 18, 2009  
Mr. Russell Golden  
Financial Accounting Standards Board  
401 Merritt 7  
P. O. Box 5116  
Norwalk, CT 06856-5116  
Sent by email to [director@fasb.org](mailto:director@fasb.org)

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

Dear Mr. Golden:

The Committee on Private Companies ("CPC") Standards Subcommittee of Financial Executives International ("FEI") wishes to express its views on Financial Accounting Standards Board's ("FASB's") [proposed FASB Staff Position \(FSP\) 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').

FEI is the leading advocate for the views of corporate financial management in the United States. It is a professional association of more than 15,000 CFOs, treasurers, controllers and other senior financial managers. With approximately 7,500 members from private companies, FEI has a strong base of knowledge to draw upon with regard to the financial reporting needs and requirements of the private sector. The CPC is a technical committee of FEI, which formulates private company positions for FEI in line with the views of the membership. This letter represents the views of the Committee on Private Companies Standards Subcommittee and not necessarily the views of FEI.

We thank the FASB for its efforts to consider the needs of private company financial statement users and preparers, including through FASB's ongoing dialogue with the FASB-AICPA Private Company Financial Reporting Committee (PCFRC) and through consideration of constituent comment letters, particularly on this subject.

Our comments are as follows:

1. We support the proposed removal of the disclosure requirements set forth in paragraphs 21(a) and 21(b) in FIN 48, with respect to private companies. We believe that is an appropriate decision in light of the costs (benefits) of providing (using) such information.
2. We suggest FASB clarify the examples in paragraph 22 so they better illustrate how judgment would be applied to a particular fact pattern. For example, paragraph 22a reads like a principle, and does not illustrate application of the principle to a set of facts leading to a conclusion. Starting with a fairly basic fact pattern would be helpful [e.g. an entity that determines it is more likely than not that it is a pass-through and more likely than not it does not have other material tax positions applicable to the entity (as opposed to the owners)], and explain what that means to that entity in terms of applying FIN 48.
3. We recommend FASB clarify that the last sentence in paragraph 22a is true only in jurisdictions where taxes are attributable to the entity.
4. We recommend FASB add the following clarifying language to the end of the last sentence in paragraph 23: "which are not subject to the recognition, measurement and disclosure provisions of FIN 48."

Overall, our comments above are aimed at simplifying application of FIN 48 for private companies, to limit the extent that the proposed FSP as currently worded could potentially still drive an excessive amount of tax and legal consulting fees that do not benefit the business or the users of the financial statements.

Thank you for considering our comments. If you have any questions or wish to discuss this issue please feel free to contact me at (412) 257-3885 or by email at [Bill.Koch@ddiworld.com](mailto:Bill.Koch@ddiworld.com), or Edith Orenstein at FEI (973) 765-1046 or by email at [eorenstein@financialexecutives.org](mailto:eorenstein@financialexecutives.org).

Sincerely,

A handwritten signature in black ink, appearing to read "William Koch". The signature is fluid and cursive, with the first name "William" being more prominent than the last name "Koch".

William Koch  
Chair, Standards Subcommittee  
Committee on Private Companies  
Financial Executives International