

Financial Services

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Breaking News: FASB delays the effective date of FIN 48 for broader population of non-public entities

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Today, the Financial Accounting Standards Board (FASB) deferred the effective date of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48), for certain non-public entities. We expect this deferral to impact nearly all stand alone non-public entities. **Non-public subsidiaries of public companies (which would include single-parent captives of public companies) are not eligible for the deferral.** It is unclear whether the deferral would apply to U.S. subsidiaries of a foreign public company that does not report under U.S. GAAP. We expect the FASB to address this question when it releases the final guidance.

The FASB's decision is an acknowledgement that many non-public entities believed they would be eligible for the deferral proposed by the FASB in November 2007, and therefore ceased their implementation of FIN 48. The scope of the deferral as proposed in November would actually have been fairly limited.

As a result of today's decisions, FIN 48 will first go into effect for **annual** periods beginning after December 15, 2007 for non-public entities that have not yet issued to third parties a full set of **annual** financial statements that incorporate the recognition, measurement, and disclosure requirements of FIN 48. Therefore, eligible non-public entities would not need to adopt FIN 48 in interim financial statements or financial information (e.g., debt covenant calculations, net asset value or partner capital statements) issued in 2008.

Contrary to what may have been concluded from the earlier discussion document, non-public entities that have issued interim financial information in 2007 **are** eligible for the deferral, even if such financial information reflected the adoption of FIN 48.

Non-public entities may still choose to early adopt FIN 48.

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