



FINANCIAL SERVICES

- Insurance Tax Bulletin

PRICEWATERHOUSECOOPERS 

Request for Information on Tax Benefits and FIN 48 Compliance

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Senate Homeland Investigations Subcommittee Chair Carl Levin, D-MI, recently asked corporations to complete and return a questionnaire regarding their tax benefits and compliance with Financial Accounting Standards Board Interpretation No. 48 (FIN 48).

According to the letter, the Permanent Subcommittee on Investigations is currently reviewing matters relating to corporate tax benefits, particularly, but not exclusively, with respect to transactions, activities, or structures involving foreign entities or jurisdictions.

In addition to companies' general name and address information, the questionnaire inquires on companies' fiscal year, specific questions relating to FIN 48 tracking and recording of data relating to tax uncertain tax positions, as well as SEC reporting practices. Some of the specific questions addressed in the questionnaire include:

- Date of adoption of FIN 48.
- Date tracking or recording of data relating to uncertain tax positions begun.
- Percentage of revenues generated in the United States.
- Percentage of employees working in the United States during the period.
- Percentage of payroll expenses attributable to employees in the United States.
- Effective tax rate for the period.
- Unrecognized tax benefits ("UTB") reported under FIN 48, including interest and penalties associated with tax positions, as well as any foreign entities or jurisdictions involved.
- Advance Pricing Agreement ("APA") involving a foreign entity.

The Subcommittee has requested that taxpayers complete the questionnaire by September 20, 2007. In addition, the Subcommittee indicated that it may contact taxpayers after reviewing the information to arrange one or more interviews to obtain clarification or additional information.

PwC Observes: Taxpayers should consult with counsel and tax advisors to determine how and if they should respond. Due to security procedures at the U.S. Senate, taxpayers should note the specific guidelines for transmitting completed questionnaires to the Permanent Subcommittee on Investigations.

For additional information please call Anthony DiGilio at (202) 414-1702 or contact your local insurance tax professional. Please visit us at: <http://www.pwc.com/us/insurance/tax>

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