

January 22, 2009

Mr. Edward S. Karl, Director
AICPA Tax Division
1455 Pennsylvania Avenue, N.W.
Washington, DC 20004-1081

RE: SSTS Comments

Dear Mr. Karl:

I applaud the AICPA Tax Division and the SSTS Revisions Task Force for continuing to monitor the standards of tax practice for our members and adapt these decade-old standards to our ever-changing environment. Standards are a critical hallmark of a profession and I feel our organization should continue to develop these for the betterment of our profession.

I have analyzed the SSTS Exposure Draft dated November 2008 and I have several comments and questions regarding it.

Major revisions are being made to SSTS No. 1. What is being done to the two interpretations that amplify the current version?

Under paragraph 5 of the Statement to SSTS No. 1, it appears that we are abdicating the standard setting to the "applicable taxing authority". I feel we should set our own standards. Certainly a member needs to follow applicable laws and regulations but standards should be set by the professional body.

Footnote 1 under paragraph 3 states that a member should refer to "the current version of Internal Revenue Code Section 6694, Understatement of taxpayer's liability by a tax return preparer, (or its successor) to determine the reporting standard applicable to preparers of federal tax returns." Should not this sentence be further amplified by reference to regulations, rulings and judicial interpretations thereunder?

In paragraph 5.6, it states that a member may prepare or sign tax return that reflects a position if (1) the member concludes there is a reasonable basis for the position, and (2) the position is appropriately disclosed. Under paragraph 14, in a non-singing or non-preparing situation, the member meets the disclosure requirements if the member advises the taxpayer concerning disclosure requirements. Based on this, would a member who signs a return with adequate disclosure followed by a taxpayer removing the disclosure prior to filing a return, meet the "appropriately disclosed" standard? Under 5.b.(2), would advising the taxpayer to disclose and preparing the adequate disclosure be sufficient?

SSTS No. 6 contains a new paragraph 11 stating that a member who believes a taxpayer could be charged with fraud or other criminal misconduct should advise the taxpayer to consult with an attorney. Since fraud and criminal provisions are in the law, a taxpayer can always face these sanctions. Should not the standard be only if the member has a good faith belief or reasonably suspects something about the position or transaction, then such advice should be given?

Proposed SSTS No. 7 deals with tax advice documentation. The last sentence in paragraph 2 states that no formal standard exists when communicating or documenting oral advice. By implication, does this mean that a standard exists for written advice? Paragraph 6 states the member may use professional judgment to "document oral advice in writing". Is there a way to document something other than in writing?

Thank you for the opportunity to comment on these revisions.

Very truly yours,

POSTLETHWAITE & NETTERVILLE



William C. Potter

WCP/rbs

