

May 15, 2009

Via Electronic Mail

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

Re: PICPA Comments on Exposure Draft on Proposed Statements on Standards for Tax Services (SSTS)

Dear Mr. Karl:

On behalf of the 19,000 members of the Pennsylvania Institute of Certified Public Accountants (PICPA) and our Committee on Federal Taxation, please find below our comments and recommendations regarding the AICPA's exposure draft on the proposed Statements on Standards for Tax Services (SSTS).

We appreciate the opportunity to review the exposure draft. Some of the general comments deal with the application of the SSTS and their perception by non-members; e.g. whether, or not, these standards may be a road map for litigating counsel and punitive governmental actions. In addition, we urge that, before the SSTS are issued, appropriate counsel be engaged to review these documents to ensure that they may not be used to pursue actions against legitimate certified public accountants.

Standard No. 1 – Tax Return Positions

Regarding paragraph 7, we believe that more explanation needs to be provided. As previously noted, a position taken, as indicated in paragraphs 5 and 6, is one that is associated with "a realistic possibility". Therefore, the commentary here may be redundant or may not be applicable. Again, it is the consensus of the group that legal counsel should be invited to review this standard in particular, as it could be applied inappropriately by non-members. We request that you consider eliminating this paragraph.

There must be considerable attention given to the recently enacted standards concerning "a realistic possibility position" taken by a practitioner. Specifically, in paragraph 12, there should be an expansion of the explanation as to a position that is taken and the corollary to the related changing Congressional environment under Section 6662.

Standard No. 2 – Answers to Questions on Returns

This standard generated considerable discussion regarding the impractical and onerous nature of answering many of the expanded questions in the preparation of individual, corporate, and partnership tax returns. Again, it is recommended that counsel be engaged to review this standard for possible problems. It has been recommended that, in paragraph 2, the term "reasonable effort" be more clearly defined. Professional judgment appears to be a level of operation; therefore, an interpretation should be developed regarding this term.

Standard No. 3 – Certain Procedural Aspects of Preparing Returns

No changes suggested.

Standard No. 4 – Use of Estimates

No changes suggested.

Standard No. 5 – Departure from a Position Previously Concluded in an Administrative Proceeding or Court Decision

Two concerns have been expressed for this standard, the first of which being whether Form 8275 should be utilized to make the appropriate disclosure, or whether a plain paper document would be acceptable. It is understood that governmental commentary in this area will probably dictate the form of disclosure. The second and more complex question, is the point at which a client relationship should be terminated. We request that you provide further explanation regarding this matter.

Standard No. 6 – Knowledge of Error: Return Preparation and Administrative Proceedings

It was the consensus of the participants that, in paragraph 12, commentary is needed to determine whether a member may sign a tax return for the current year—providing that the tax return includes appropriate disclosure—if he or she learns that a client is using an erroneous method of accounting, and the return is past the due date to request permission to change the method of accounting standards under SSTS No. 1. The participants question the desired result when this situation falls below the Form 8275 threshold for disclosure.

Standard No. 7 – Form and Content of Advice to Taxpayers

This standard garnered substantial discussion among members and raises the issue of the documentation to be on file. We believe that this standard will require the use of professional judgment in its implementation and questions whether or not a professional should have written or electronic documentation in a client file concerning any advice given. In addition, it is suggested that an expansive standard be developed for record keeping of tax advice provided to clients.

Once again, thank you for the opportunity to review the exposure draft, and please do not hesitate to contact Peter Calcara at 717.232.1821 or palcara@picpa.org with any questions or concerns you may have regarding our comments.

Sincerely,



Eric A. Wallace, CPA
President, PICPA



Nicholas J. Crocetti, CPA
Chair, Federal Committee on Taxation