

MHM Messenger

MAYER HOFFMAN MCCANN P.C. – AN INDEPENDENT CPA FIRM



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FASB grants further deferral of FIN 48 for certain nonpublic entities

On December 30, 2008 the Financial Accounting Standards Board (FASB) granted a further deferral of FIN 48 to privately held companies and entities so long as:

A nonpublic enterprise that elects to defer the application of Interpretation 48 in accordance with this FSP shall explicitly disclose that fact and shall disclose its accounting policy for evaluating uncertain tax positions for each set of financial statements where the deferral applies.

Accordingly, if you wish to take advantage of the deferral of FIN 48 for another year, the guidance in the FSP must be followed. The following note to the financial statements is an example of the language that will have to be included in the 2008 year end financial statements and any financials issued in 2009 to comply with the language needed for deferral

Note - Accounting for Uncertain Tax Positions

Statement of Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes*, has been the framework for the accounting for income taxes, including temporary differences between tax and financial accounting basis of assets and liabilities and tax benefits of tax positions used in the preparation of the Company's tax returns. The uncertainties of any tax positions were accounted for under the guidance in SFAS No. 5, *Accounting for Contingencies*. Under this approach, disclosure is not required of a loss contingency involving

an unasserted claim or assessment when there has been no manifestation by a potential claimant of an awareness of a possible claim or assessment unless it is considered probable that a claim will be asserted and there is a reasonable possibility that the outcome will be unfavorable.

In June 2006, the Financial Accounting Standards Board (FASB) released Interpretation (FIN) No. 48, *Accounting for Uncertainty in Income Taxes*. FIN 48 interprets the guidance in Statement of Financial Accounting Standards (SFAS) No. 109. When FIN 48 is implemented, the Company will be required to utilize different recognition thresholds and measurement requirements when compared to existing applicable technical literature. On December 30, 2008, the FASB Staff issued FASB Staff Position (FSP) FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*, which defers the adoption of the provisions of FIN 48 for the Company until fiscal 2009. As such, the Company has not determined the impact of FIN 48 on its accounting for incomes taxes and has not implemented the requirements of this pronouncement in the 2008 financial statements.

The information in this MHM Messenger is a brief summary and may not include all the details relevant to your situation. Please contact your MHM service provider to further discuss the impact on your financial statements.



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