

FIN 48 Manager

Product Overview

FIN 48 Manager on Tax Research NetWork™ is a comprehensive resource for quickly obtaining answers related to the implementation and planning for FIN 48 covering federal, state and international issues. FASB Interpretation No. 48 (FIN 48) sets more explicit standards regarding the accounting of income taxes in financial statements. These new standards include initial asset recognition, liability recognition and disclosure.

What is FIN 48?

FIN 48 is designed to provide consistent accounting practices and criteria for enterprises reporting tax benefits from uncertain tax positions. These compliance requirements force tax and accounting people to work more closely than ever before. Upon adopting FIN 48, an enterprise must inventory all tax positions taken on all income tax returns and all jurisdictions going back for an unlimited number of years. This includes federal, state, local and foreign income tax returns, and decisions not to file a tax return; an allocation or a shift of income between jurisdictions; the characterization of income; decisions to exclude reportable taxable income; or a decision to classify a transaction, entity, or other position in a tax return as tax exempt.

FIN 48 focuses on asset recognition as a two-step process. First, a tax position is evaluated as to whether it is more likely than not, based on the tax law authority and NOT on the probability of audit, that the position will be ultimately sustained. Historically, audit detection was the rule used for evaluating the potential liability exposure. Second, FIN 48 requires taxpayers to develop units of account to determine the appropriate level at which to evaluate a position, and then to apply them consistently from one period to the next.

After the initial two-step evaluation of an uncertain tax position, an enterprise must, at each subsequent financial reporting date, review the facts, circumstances and information available at that reporting date to determine whether there needs to be a reassessment of the previous tax benefit recognized. New information includes changes in statutes or regulations, new case law or rulings and dispute resolution of other benefits. In summary, practitioners must determine the recognition of associated tax benefits, measure those benefits consistently from one period to the next and adequately document these decisions.

FIN 48 was released in August, 2006 and is effective for fiscal years beginning after December 15, 2006. In addition, it applies to every year that remains open to collection and assessment by the relevant tax jurisdiction. It affects all entities preparing accounts in accordance with US

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GAAP (Generally Accepted Accounting Principles). FIN 48-1, which clarifies the definition of “settlement” was just issued on May 2, 2007.

Features and Benefits

Features	Benefits
Superior Content	◆ The most authoritative, comprehensive FIN 48 resource that includes step-by-step guidance and practical tools to simplify FIN 48 implementation and compliance.
Easy to Use	◆ The unique Q&A format combined with productivity tools allows practitioners to obtain answers quickly.
Timeliness	◆ Updates are made on an as-needed basis, so customers always have the most current information available to make informed decisions. Includes subscription to <i>Tax Tracker News</i> .
Functionality	◆ In addition to standard Tax Research NetWork and <i>CCH@Hand™</i> functionality, customers have the benefit of <i>Smart Charts</i> , Interactive Research Aids and Practice Aids to reduce their research time and streamline their workflow.
Linking	◆ Customers can instantly link to related Practice Aids and relevant FIN 48 information for additional information.

Product Tools and Components

FIN 48 Manager provides:

- FIN 48 Questions and Answers
- Multistate FIN 48 Smart Charts
- Practice Aids
- FIN 48 Best Practices
- FASB Interpretation No. 48
- FIN 48 Related Documents
- FIN 48 Archive

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FIN 48 Questions and Answers

- Approximately 80 Q&A in Interactive Research Aid format that link directly to specific sections of FIN 48 and related Practice Aids
- Concise presentation may be viewed or quickly downloaded to Microsoft® Word® or Excel®.
- All research links remain “live” in the download, so information from source documents can be verified easily.
- Select an Excel matrix view with one click and obtain an easily customized data presentation.
- Choose a printer-friendly version, save a search for the next session, or quickly review highlighted changes since last login.
- Use a search feature to quickly find chart topics by key words, phrases, and synonyms.

Topics include:

- Overview and Scope of FIN 48
- Identifying Tax Positions
- Determining the Unit of Account
- Recognition of Benefits under the “more-likely-than not” Tax Threshold
- Measuring the Benefit
- Changes in Subsequent Periods
- Interest and Penalties
- Financial Statement Classification
- Disclosures
- Tax Examination Management
- Tax Planning
- Effective Dates and Transition

Multistate FIN 48 Smart Charts—

- Approximately 25 *Smart Charts* that link directly to specific sections of FIN 48 covering topics such as apportionment rules (going back ten years), tax rates (going back ten years), limitation periods, state nexus rules (COMING SOON), state nexus rules (COMING SOON), and state voluntary disclosure programs.
- Concise presentation may be viewed or quickly downloaded to Microsoft® Word® or Excel®.
- All research links remain “live” in the download, so information from source documents can be verified easily.

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- Select an Excel matrix view with one click and obtain an easily customized data presentation.
- Choose a printer-friendly version, save a search for the next session, or quickly review highlighted changes since last login.
- Use search feature to quickly find chart topics by key words, phrases, and synonyms.

Please note that these *Smart Charts* link to statutes in the Multistate Corporate Income Tax Guide. Customers will need to have a paid subscription to MCIT or a bundle containing this publication so they do not get a “You do not subscribe” message.

Practice Aids

1. FIN 48: Compliance Workflow Plan
2. FIN 48: Compliance Workflow Plan Detailed
3. FIN 48: Compliance Checklist
4. FIN 48: International Compliance Checklist
5. FIN 48: International Tax Issues Sample Memo
6. FIN 48: Tax Position Checklist
7. FIN 48: Implementation Sample Memo
8. FIN 48 : State Tax Issues Sample Memo
9. FIN 48: Transfer Pricing Sample Memo
10. FIN 48: Inventory Tracker Templates
11. FIN 48: UTP Documentation Request Form
12. FIN 48: Impact on Internal Controls Sample Memo
13. FIN 48: Auditing Estimates Checklist
14. Sample Memo to the Board of Directors
15. Sample memo to the Audit Committee

FIN 48 Best Practices (COMING SOON)

This publication includes a series of interviews with Tax Directors at large corporations, discussing their experiences with implementation of FIN 48 and their plans for ongoing compliance.

FASB Interpretation No. 48

The PDF document issued by FASB has been broken into discrete sections so customers can locate relevant information more easily.

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FASB Interpretation No. 48

- ¶10 Summary
- ¶100 Introduction (containing p1 – p2)
- ¶102 Interpretation – Scope (containing p3 – p4)
- ¶104 Interpretation – Recognition (containing p5 – p7)
- ¶106 Interpretation – Measurement (containing p8)
- ¶108 Interpretation – Tax-Planning Strategies (containing p9)
- ¶110 Interpretation – Subsequent Recognition, Derecognition, and Measurement (containing p10 – p12)
- ¶112 Interpretation – Change in Judgment (containing p13 – p14)
- ¶114 Interpretation – Interest and Penalties (containing p15 – p16)
- ¶116 Interpretation – Classification (containing p17 – p19)
- ¶118 Interpretation – Disclosures (containing p20 – p21)
- ¶120 Effective Date and Transition (containing p22 – p24)

Appendix A – Illustrative Guidance for Applying this Interpretation

- ¶200 Introduction (containing pA1)
- ¶202 Recognition Examples – Two-Step Process (containing pA2 – pA4)
- ¶204 Recognition Examples – Recognition Determinations are Made for Each Unit of Account (containing pA5 – pA7)
- ¶206 Recognition Examples – Change in the Unit of Account (containing pA8 – pA9)
- ¶208 Recognition Examples – Recognition of a Liability upon Adoption (containing pA10 – pA11)
- ¶210 Recognition Examples – Administrative Practices – Asset Capitalization (containing pA12 – pA13)
- ¶212 Recognition Examples – Administrative Practices – Nexus (containing pA14 – pA15)
- ¶214 Recognition Examples – Valuation Allowance and Tax-Planning Strategies (containing pA16 – pA18)
- ¶216 Measurement Examples – Highly Certain Tax Positions (containing pA19 – pA20)
- ¶218 Measurement Examples – Measurement with Information about the Approach to Settlement (Scenario 1) (containing pA21 – pA22)
- ¶220 Measurement Examples – Measurement with Information about the Approach to Settlement (Scenario 2) (containing pA23 – pA24)
- ¶222 Measurement Examples – Measurement of a Tax Position after Settlement of a Similar Position (containing pA25 – pA30)

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- ¶224 Subsequent Events (containing pA31 – pA32)
- ¶226 Illustrative Disclosure (containing pA33)

Appendix B – Background Information and Basis for Conclusions

- ¶300 Introduction (containing pB1)
- ¶302 Background (containing pB2 – pB8)
- ¶304 Objective of This Interpretation (containing pB9)
- ¶306 Scope of This Interpretation (containing pB10 – pB12)
- ¶308 Unit of Account (containing pB13 – pB14)
- ¶310 Benefit Recognition Approach (containing pB15 – pB16)
- ¶312 Examination Risk (containing pB17 – pB22)
- ¶314 Approaches the Combine Recognition and Measurement – Fair Value Measurement (containing pB23 – pB24)
- ¶316 Approaches the Combine Recognition and Measurement – Measurement Attributes that Use Fair Value Techniques (containing pB25 – pB26)
- ¶318 Approaches that Discretely Consider Recognition and Measurement – Two-Step Process (containing pB27 – pB28)
- ¶320 Approaches that Discretely Consider Recognition and Measurement – Alternative Recognition Thresholds (containing pB29 – pB34)
- ¶322 Administrative Practices and Precedents (containing pB35 – pB37)
- ¶324 Subsequent Events (containing pB38 – pB40)
- ¶326 Measurement (containing pB41 – pB44)
- ¶328 Subsequent Recognition, Derecognition, and Measurement (containing pB45 – pB47)
- ¶330 Change in Judgment (containing pB48 – pB49)
- ¶332 Interest and Penalties (containing pB50 – pB53)
- ¶334 Classification (containing pB54 – pB59)
- ¶336 Disclosure (containing pB60 – pB64)
- ¶338 Impact on Convergence with International Financial Reporting Standards (containing pB65 – pB67)
- ¶340 Nonpublic Enterprises (containing pB68 – pB69)
- ¶342 Effective Date and Transition (containing pB70 – pB72)
- ¶344 Benefits and Costs (containing pB73 – pB77)

Appendix C – Impact on Related Authoritative Literature

- ¶400 Impact on Related Authoritative Literature (containing pC1 – pC5)

FIN 48 Related Documents

FIN 48 Manager includes SEC FIN 48-related Filings/Disclosure Documents so customers can see samples.

FIN 48 Archive

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This archival information includes FASB Interpretation No. 48 as originally issued; FIN 48A (the appendix); and the official PDF of the amended version released on 5/3/07.

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Target Markets

FIN 48 Manager is designed for:

- Corporations, especially those with complex, multistate, multinational operations
- Accounting Firms

Tax practitioners are uncertain about how much and what type of documentation outside auditors reviewing company FIN 48 financials need to be given. They also need to train personnel on identifying the facts and circumstances to make FIN 48 evaluations. Any error in judgment by internal staff could be considered a material weakness under SOX 404 (Internal Controls).

Multistate corporations face unique issues since their apportionment factors will undergo closer scrutiny. In addition, states vary on whether they allow separate reporting, combined reporting or consolidated reporting for each corporation that is subject to state income tax.

Multinational corporations face an even bigger challenge when identifying and evaluating tax risks in foreign jurisdictions. A lack of knowledge of foreign law, inconsistent interpretation by regulators, quality of past compliance filings, etc. compound FIN 48 issues.

The number of uncertain/certain tax positions will vary greatly between companies depending on their multistate/multinational issues; industry (retailers, banks and manufacturers); and size. Many firms lacking internal expertise will outsource their FIN 48 evaluation and compliance to their accounting firm.

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Sales Strategies

Practitioners will spend more time now than ever on deciphering complex income tax requirements and more time creating disclosures, tracking tax positions, and continually assessing new returns that need to be filed. In general, the more jurisdictions a company operates in, the more involved the calculation.

Focus on selling this product to:

- Omnitax Buyers
- International Portfolio customers
- State Business Income Tax Research and Compliance Manager™ customers
- State Tax Reporter customers
- Tax Research Consultant™ customers

FIN 48 Manager is a comprehensive resource and filled with productivity tools that differ from coverage in Accounting Research Manager®. ARM reproduces FIN 48 and offers explanatory text written for the CFOs, Controllers and Directors of Financial Reporting in corporations, along with the Auditors and Tax Advisors in Accounting Firms. ARM addresses the unique needs of Accountants, while FIN 48 Manager is written explicitly for the tax and the accounting practitioner and provides productivity tools to help them save time. Financial reporting professionals would be purchasing a full ARM subscription beginning at approximately \$1500/annually and receiving more than just FIN 48 content.

Selling the Product

Some questions to pose are the following:

- How much of your time is spent on FIN 48 compliance and implementation?
- Has your company identified all uncertain tax positions and required disclosures or are you outsourcing this?
- What resources do you currently use for FIN 48 information?
- Are you confident you and your staff have developed adequate supporting documentation for FIN 48 requirements?
- Do you have processes in place to perform continual assessments each time a return needs to be filed?
- Are you working closely with your accounting department in coordinating updated policies to ensure compliance with FIN 48 and disclosure requirements?

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Competitive Information

National Accounting Firms, such as Grant Thornton, KPMG and PWC offer FIN 48 services. This includes an assessment of nexus and statute of limitations; transfer pricing services; inventories of uncertain tax positions; and drafting footnote disclosures. The BIG 4 is also issuing Special Reports and the Top 100 Firms to help market their FIN 48 services.

BNA Accounting Policy & Practice: Special FIN 48 Report

Helps accounting policymakers and practitioners in companies, public accounting firms, and other professional environments keep abreast of ongoing and emerging issues and assists them in analyzing pronouncements and other actions by major accounting and auditing standard setters. *Accounting Policy & Practice Series* has two main components: The Portfolios featuring in-depth analysis and practical guidance from expert legal practitioners and *Accounting Policy & Practice Report* providing the latest news and developments. This special report was only one update to this product and includes explanations, analysis, practical insight, guidance and advice from two experts. This product is also available on Tax Research NetWork.

Pricing: TBD

Update Frequency: Unknown

RIA: FIN 48—Accounting for Uncertain Income Tax Positions

The sources of tax law are extensive and complicate, and at times the application of the law to particular facts and circumstances may be unclear. Due to this lack of clarity, or due to aggressive tax planning, taxpayers make take income tax positions, such as claiming deductions or credits on tax returns that may later be challenged and denied, in whole or in part, by a tax authority and may not ultimately be sustained. This resource provides guidelines on when and to what extent tax positions taken by enterprises that are subject to challenge (uncertain tax positions) should be recognized for financial accounting purposes.

Online: \$175

Book: \$125

Update Frequency: Unknown.

Financial Accounting Standards Board

www.fasb.org issued the FIN 48 primary source document; however, it is a PDF file and does not provide any productivity tools, practical guidance or explanatory materials that practitioners need for a deeper understanding.

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AICPA

The AICPA reproduces FIN 48 and FASB Staff Positions on their website. They also offer a Practice Guide to members.

Internal Revenue Service

The IRS does not reproduce FIN 48 on their website; however, they do provide an FAQ section regarding FIN 48

FIN 48 Software

There are various software packages available for FIN 48 compliance, such as Liquid Engines, Planitax, DMI and Tax Stream. Packages range in price but are in the several thousand dollar range. None of these vendors offer complete software solutions for FIN 48. They provide basic data collection and inventorying tools somewhat similar to what we are providing.

Overall Comparison of CCH and RIA Fin 48 products: Content, Quality, and Functionality	CCH’s Fin 48—Accounting for Uncertainty in Income Taxes	RIA’s Fin 48—Accounting for Uncertain Tax Positions
Functionality – Ease of Use	<p>Busy practitioners don’t have time to pore over thick treatises with little connection to the real world issues they face in their practices every day. CCH understands that. The CCH Fin 48 product is not a treatise, but rather a problem solving tool, in a unique Question & Answer format which mirrors the way issues arise and are solved in everyday practice. The Q&A format lets users quickly zero in on the precise questions they are facing, and get the answers they need, fast. No wading through padded “background” information. No sifting through useless verbiage. Just the question, the answer, links to the source of the answer, and links to related practice tools and aids. All in one place.</p>	<p>RIA’s publication is a standard treatise on Fin 48, with dissertation-style “analysis” of Fin 48’s provisions, but showing little or no understanding of, or connection to, the real world issues that can arise when those provisions are applied.</p>
Timeliness	<p>CCH knows that its users rely on its publications for timely information. The Fin 48 publication’s unique Question & Answer format allows for virtually up-to-the-minute additions and revisions as circumstances warrant.</p> <p>CCH’s commitment to real-time information is shown in its many examples of actual SEC filings,</p>	<p>RIA’s lackadaisical commitment to timely updating is shown in its complete lack of examples of actual first quarter 10-Qs for several weeks after the SEC had begun to receive the filings.</p>

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	<p>including interim filings (10-Q's) for the first quarter of 2007 of corporations that adopted Fin 48 at the beginning of 2007.</p>	
<p>Tools and Practice Aids</p>	<p>CCH's Fin 48 product is centered on its practice tools, all of which are designed to help companies and practitioners easily and quickly implement and continue to comply with Fin 48. Helpful tools include various Checklists, Inter-office Memos, an Uncertain Tax Position Documentation Request, an Uncertain Tax Position Inventory Tracker, a Workflow Plan, and a Workflow Plan Annotated with cross-references to related Q&A entries within the Fin 48 publication.</p> <p>Unique to the CCH product is a Fin 48 Decision Tree, which practitioners can use to plan each step in Fin 48 implementation and compliance.</p>	<p>RIA's publication contains some practice aids, but does not include a decision tree for easy planning and compliance.</p>

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Pricing

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Offer #	Offer Acronym	Product Name	Commercial Price (270001)