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May 17, 2007

Office of the Secretary  
Public Company Accounting Oversight Board  
1666 K Street, NW  
Washington, DC 20006-2803

**Re: PCAOB Rulemaking Docket Matter No. 017-Concept Release Concerning Scope of Rule 3523, Tax Services for Persons in Financial Reporting Oversight Roles, PCAOB Release No. 2007-002**

Dear Mr. Secretary:

BDO Seidman, LLP respectfully submits our comments on the Board's Concept Release Concerning Scope of Rule 3523, Tax Services for Persons in Financial Oversight Roles ("the Release").

We support the Board's decision to revisit the application of Rule 3523 to tax services provided during the audit period and to revise the implementation timing for this element of the rule while revisiting its application.

In that regard, we encourage the Board to amend Rule 3523 to remove the restriction on providing tax services to persons in financial reporting oversight roles during the audit period but before the start of the professional engagement period.

Our comments related to the specific questions raised in the Concept Release are as follows:

***To what extent if any, is a firm's independence affected when the firm, or an affiliate of the firm, has provided tax services to a person covered by Rule 3523 during the portion of the audit period that precedes the professional engagement period?***

The basis for Rule 3523 is that provision of these services creates "an appearance of a mutual interest between the auditor and those individuals." However, we do not believe that such mutuality of interest, either in fact or in appearance to an informed investor, can exist with respect to the portion of the audit period that precedes the professional engagement period. Accordingly, we do not believe there is any threat to an audit firm's independence as a result of providing tax services to persons in a financial reporting oversight role prior to commencement of the professional engagement period.

***What effect, if any, would application of Rule 3523 to the audit period have on a company's ability to make scheduled or unscheduled changes in auditors? Could any such effect be minimized or managed through advanced planning or otherwise?***



We believe that a company's ability to make scheduled or unscheduled auditor changes can be compromised as a result of the restriction on providing tax services during the audit period to persons in financial reporting oversight roles.

Any audit firm providing tax services to persons in financial reporting oversight roles during the current audit period could not be considered in connection with the company's decision to change auditors for that period, thereby restricting the pool of potential new audit firms. In addition to encouraging the Board to amend Rule 3523, as previously noted, we also encourage the Board to provide for a 180 day transition rule for completion of tax services to all persons to whom Rule 3523 becomes applicable due to a change in auditors.

In addition to the hardships created by Rule 3523 related to auditor changes described above, the Rule also causes hardships in connection with corporate events such as mergers and initial public offerings (IPO). A company could be required to change auditors simply as a result of the acquisition of a material subsidiary if one or more persons in a financial reporting oversight role at the acquired subsidiary were receiving tax services from the parent's auditor. A private company considering an IPO could have its choices significantly limited in selecting an outside auditor if its persons in financial reporting oversight roles received tax services from several audit firms during the pre-IPO audit period.

Accordingly, we encourage the Board to expand an "other change in employment event" to include events related to the person's employer including mergers, acquisitions, initial public offerings, changes in audit firms or other events that result in the person becoming subject to Rule 3523 and to also provide for a 180 day transition rule in those circumstances.

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We appreciate your consideration of our comments and suggestions, and would be pleased to discuss them with the PCAOB and its staff to clarify any of them.

Please direct any questions to Wayne Kolins, National Director of Assurance at 212-885-8595 or [wkolins@bdo.com](mailto:wkolins@bdo.com).

Very truly yours,

*BDO Seidman, LLP*

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