

## NEWS RELEASE

Contact: Shirley Twillman  
202-434-9220  
[stwillman@aicpa.org](mailto:stwillman@aicpa.org)

### **Tax Strategy Patent Bill Introduced by Rep. Boucher Applauded by AICPA** *Reps. Goodlatte and Chabot are Co-Sponsors of H.R. 2365*

**Washington, DC (May 18, 2007)** – The American Institute of Certified Public Accountants (AICPA) applauded the introduction by Rep. Rick Boucher (D-VA), with co-sponsors Reps. Bob Goodlatte (R-VA) and Steve Chabot (R-OH), of H.R. 2365, legislation that would limit damages and other legal remedies available to holders of patents for tax planning methods.

“Tax strategy patents may make it impossible for the U.S. Tax Code to be applied equally to all taxpayers,” said Barry C. Melancon, AICPA President and CEO. “We want to thank Reps. Boucher, Goodlatte and Chabot for clearly seeing the threat and for their leadership in introducing legislation that would protect taxpayers and tax practitioners from infringement when they use patents that have been granted for tax planning methods.”

“With 60 tax strategy patents already granted and 86 applications pending, this is a growing problem. The patents do not pertain to just esoteric portions of the tax code affecting a handful of taxpayers; the patents cover a broad range of areas, including estate and gift tax, pension plans, tax-deferred exchanges and deferred compensation, that affect millions of taxpayers,” Melancon said.

Melancon noted that tax preparation software is exempt from H.R. 2365’s limits on damages and remedies for patents on tax planning methods.

The AICPA opposes tax strategy patents because they:

- Violate the core principle of equity that under girds the entire tax system—namely, that people in similar situations ought to pay a similar amount of taxes;
- May cause some taxpayers to pay more tax than Congress intended;
- Complicate the provision of tax advice by professionals;
- Make compliance by taxpayers more difficult; and
- Mislead taxpayers into believing that a patented strategy is valid under the tax law.

The three senior members of the House Judiciary Committee introduced the bill on May 17. H.R. 2365 was referred to the House Judiciary Committee, which has jurisdiction over patent issues.

The American Institute of Certified Public Accountants ([www.aicpa.org](http://www.aicpa.org)) is the national, professional association of CPAs, with approximately 330,000 members, including CPAs in business and industry, public practice, government, and education. It sets ethical standards for the profession and U.S. auditing standards for audits of private companies; federal, state and local governments; and non-profit organizations. It also develops and grades the Uniform CPA Examination.

Headquartered in New York, the AICPA also maintains offices in Washington, D.C.; Durham, N.C.; and Lewisville, TX.

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