

NEWS RELEASE

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**Senators Baucus and Grassley Introduce Bill Banning Tax Strategy Patents;
AICPA Urges Passage of S. 2369 before Coming Tax Season**

Washington, DC (November 19, 2007) – The American Institute of Certified Public Accountants commends the introduction of a bill by Senate Finance Committee leaders, Chairman Senator Max Baucus of Montana and ranking-minority member Senator Chuck Grassley of Iowa, to prohibit patents on tax planning methods.

S. 2369 would halt the granting of tax strategy patents by the U.S. Patent and Trademark Office. The AICPA is urging the Senate to pass the bill, which is similar to the ban in the broad patent reform bill passed by House earlier this year.

“Taxpayers should not have to worry about infringing patents when preparing their tax returns,” said Barry C. Melancon, AICPA president and CEO. “Neither should the tax professionals who prepare millions of tax returns each year. Tax patents are an obstacle to equal application of the tax laws.”

“I urge the Senate to pass S. 2369 as an individual bill or as part of the larger patent reform bill before we go through another tax season,” Melancon said.

Melancon thanked co-sponsors Democratic Senator Carl Levin of Michigan, Senator Ron Wyden of Oregon, Senator Barack Obama of Illinois, and Senator Jeff Bingaman of New Mexico for their leadership and support.

The House passed its provision to prohibit tax strategy patents in September as part of H.R. 1908, the Patent Reform Act of 2007. Melancon praised Representative Rick Boucher of Virginia, Representative Bob Goodlatte of Virginia, Representative Steve Chabot of Ohio, Representative Lamar S. Smith of Texas, Representative Howard L. Berman of California, and Representative John Conyers of Michigan for their instrumental role in winning the House’s passage of the legislation.

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Melancon said millions of taxpayers are affected by the scope of the growing number of tax strategy patents that have been issued and that are pending.

“Pension plans, estate and gift taxes, and deferred compensation are some of the commonly used areas of the tax code that are covered,” Melancon said. He noted that 60 patents have already been granted and that 101 more are pending.

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.

Both bills would still allow patents to be granted for tax preparation software products.

The American Institute of Certified Public Accountants (www.aicpa.org) is the national, professional association of CPAs, with more than 350,000 members, including CPAs in business and industry, public practice, government, and education; student affiliates; and international associates. 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.

The AICPA is the sponsor of a national public-education effort called 360 Degrees of Financial Literacy (www.360financialliteracy.org), designed to improve the financial understanding of Americans at all age levels. A related campaign, Feed the Pig (www.feedthepig.org), co-sponsored with the Ad Council, is designed to help Americans 25 – 34 save for long-term financial security.

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