

**MEMO# 21032**

April 5, 2007

## **April 11 Tax Committee Call to Discuss Rev. Rul. 2007-3 (Accrual of Liabilities for Services) and Other Tax Issues**

[21032]

April 5, 2007

TO: TAX COMMITTEE No. 12-07    RE: APRIL 11 TAX COMMITTEE CALL TO DISCUSS REV.  
RUL. 2007-3 (ACCRUAL OF LIABILITIES FOR SERVICES) AND OTHER TAX ISSUES

A conference call is scheduled for Wednesday, April 11, 2007 at 2:00 p.m. (eastern time) to discuss Revenue Ruling 2007-3 (2007-4 I.R.B. 350), related Revenue Procedure 2007-14 (2007-4 I.R.B. 357) [\[1\]](#) and other tax issues. Rev. Rul. 2007-3 addresses the accrual of liabilities for services or insurance under section 461 of the Internal Revenue Code. The ruling provides that accrual of expenses for services or insurance is not permitted in the year a contract is executed.

The ruling states that the execution of a contract is not sufficient, by itself, to establish liability for accruing expenses, even under the recurring item exception. Liability instead is established on the payment due date, which occurs (in the ruling's examples) in the year following the year the contract is executed. Revenue Procedure 2007-14 sets forth procedures for a taxpayer to obtain an automatic consent from the Commissioner to change its method of accounting to comply with Rev. Rul. 2007-3.

During the call we also will discuss issues related to compliance with FASB Interpretation No. 48 (FIN 48) – Accounting for Uncertain Tax Positions and H.R. 1672 (attached), a bill that would deny qualified dividend income treatment to certain foreign dividends.

If you would like to participate in the call, please complete the attached response form and

send it to Ezella Wynn at 202-326-5841 (fax) or [ewynn@ici.org](mailto:ewynn@ici.org) by close of business Tuesday, April 10, 2007. To access the call, please dial 888-913-9969 and enter passcode 12868.

Lisa Robinson  
Associate Counsel

[Attachment](#)

**endnotes**

[1] See Institute [Memorandum](#) (20993) to Tax Committee No. 10-07, dated March 26, 2007.

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