

Public Company Accounting Oversight Board
Office of the Secretary PCAOB
1666 K Street, N.W.
Washington, DC 20006-2803

May 18, 2007

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

PricewaterhouseCoopers LLP ("PwC") appreciates the opportunity to provide comments on the Public Company Accounting Oversight Board's (the "Board") Concept Release Concerning Scope of Rule 3523, Tax Services for Persons in Financial Reporting Oversight Roles ("Concept Release").

We support and commend the Board's efforts to assess and clarify the potential impact that the provision of tax services to individuals covered by Rule 3523 may have on auditor independence as well as a company's ability to make scheduled or unscheduled changes in auditors. As described in greater detail below, it is our view that tax services provided to individuals covered by Rule 3523 during the portion of the audit period that precedes the professional engagement period should not have an adverse effect on a firm's independence.

In this letter we provide our responses to the two questions posed in the Concept Release.

Question 1. 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?

As currently written, Rule 3523 provides that independence would be considered impaired where the auditor has provided tax services to certain individuals during the audit and professional engagement period. In principle, we believe that where a tax service engagement with respect to an individual covered by Rule 3523 has been terminated prior to the onset of the professional engagement period, auditor independence would not be impaired, despite the fact that those services were provided during the audit period. Unlike other prohibited non-audit services, the tax services at issue are provided not to the entity under audit, but to certain individuals in a position to, or who do exercise influence over the contents of the financial statements. Accordingly, a self-audit threat would not arise as a result of the provision of tax services to an individual covered by Rule 3523. Therefore, where that relationship has been terminated, we believe that the adverse impact on independence attributed to the tax services by the current rule will, in most circumstances, no longer exist, and accordingly the services would not "taint" the auditor's independence during the audit period. Whether the services will adversely impact the auditor's independence in certain circumstances would need to be determined based on an evaluation of the relevant facts and a discussion with the audit committee.



Though not specifically addressed by the Concept Release, we recommend that the Board's conclusion on this matter also be applied to the "look-back" period in initial public offerings. In our view, this circumstance is conceptually analogous to the issue at hand and should, therefore, be subject to consistent treatment. Requiring an entity to engage another firm to perform a re-audit of the financial statements in the "look-back" period would cause an undue burden on the company and its shareholders. Finally, we suggest that the Board make clear that the 180-day transition period provided for in Rule 3523(c) would apply to individual tax clients who, solely by virtue of a merger or acquisition, become an individual covered by Rule 3523.

Question 2. 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 if left in its current form Rule 3523 would likely have an adverse effect on an entity's ability to exercise full freedom of choice in regards to a change in auditors. Although efforts could certainly be undertaken to schedule future changes in an attempt to minimize any such adverse effects, it is not clear to us that such efforts could be reliably or consistently effective. In a worst-case scenario, the ability to change auditors could be delayed for more than one year. In our view, this is an unintended consequence that will place a limitation on registrant choice and result in unnecessary market place disruptions.

We would be pleased to discuss our comments and to answer any questions that the PCAOB staff or the Board may have. Please contact Joseph Marucci (201-521-4470) regarding our submission.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph Marucci" followed by "LLP".

PricewaterhouseCoopers LLP