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Insights from Academic Participation in the FAF's Initial PIR: The PIR of FIN 48

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SYNOPSIS: In 2009, the Financial Accounting Foundation (FAF) determined that the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB) standard setting process required a formal review to monitor and address issues that can arise after the implementation of accounting standards. The FAF selected FASB Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes, as the initial post-implementation review (PIR) standard. This paper informs the academic community about the PIR process and provides an academic perspective on the initial PIR of FIN 48. In particular, we demonstrate the role of the academic literature using the FIN 48 literature review prepared as part of the PIR process.

Keywords: FIN 48; post-implementation review; literature review.

AN OVERVIEW OF POST-IMPLEMENTATION REVIEW OF ACCOUNTING STANDARDS

In this paper, we describe the origin and purpose of the Financial Accounting Foundation's (FAF) "post-implementation review" (PIR) of accounting standards, with a particular focus on the role of academics in a PIR. The FAF was organized in 1972 as an independent, private-sector organization with responsibility for the oversight, administration, and finances of its standard-setting boards, the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB), and their Advisory Councils.

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In 2009, the FAF determined that part of its oversight role would include a formal review to monitor and address issues that can arise after the implementation of accounting standards.[1] The FAF selected FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes,* as the initial PIR standard because "it made an important change in accounting and reporting, but it was not so transforming and controversial that it would overwhelm PIR team resources" (FAF 2012a, 1).[2] Thus, through performing this initial PIR, the FAF developed and refined a PIR process that would serve as the foundation for future PIRs.[3] The objective of our paper is to provide insights gleaned from our participation in the PIR of FIN 48 on the role of academics and academic research in a PIR.

The broad objective of a PIR is to evaluate the effectiveness of accounting standards in a way that seeks to improve the standard-setting "process" and inform future rulemaking. Importantly, standard setting must be independent and objective. Accordingly, the FAF PIR team does not make recommendations for standard-setting "actions." By separating standard-setting actions (e.g., normative judgments) from the standard-setting process (e.g., due process, user outreach, communication) the FAF maintains its independence in a PIR.[4] The FAF identified three specific objectives of a PIR: (1) to determine whether the selected standard is accomplishing its stated purpose, (2) to evaluate the selected standard's implementation and continuing compliance costs and related benefits, and (3) to provide feedback to improve the standard-setting process. See FAF (2012b) and FASB (2012) for a detailed discussion of these objectives.

The PIR process entails selecting a standard for review, reviewing the standard, summarizing the findings and recommendations in a comprehensive document, and delivering the document to the relevant standard-setting board (e.g., FASB). In reviewing the selected standard, the FAF conducts extensive research aimed at evaluating the effectiveness of the standard and the efficiency of the standard-setting process. Research input includes "reviewing the FASB's historical files, conducting stakeholder surveys and questionnaires, reviewing academic publications, reviewing footnote disclosures and other public information for selected companies, and interviewing stakeholders" (FAF 2012b, 3). In this "research phase" of the PIR, the FAF involves a number of external parties including auditors, preparers and users of financial statements, and academics that provide feedback through surveys, questionnaires and interviews.

At the conclusion of each PIR, the FAF presents the FASB or GASB with a comprehensive "Findings" document summarizing its review procedures, research results, overall conclusions reached, and process improvement recommendations. In addition, the FAF releases a formal report available to the public through its website. After reviewing the Findings document, the FASB or GASB issues a formal response to the FAF. Finally, the FAF releases the FASB or GASB response to the public through the same website.

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[1] The International Financial Reporting Standards Foundation (IFRS), the oversight body of the International Accounting Standards Board (IASB), recently developed and implemented a similar PIR process to monitor new accounting standards issued for non-U.S. companies. See Ewert and Wagenhofer (2012) for a discussion of the PIR process for the IFRS/IASB. Our focus is on the PIR process carried out by the FAF/FASB.

[2] FIN 48, effective for fiscal years beginning after December 15, 2006, is codified as Accounting Standards Codification (ASC) 740-10-25 under the FASB's new codification for U.S. Generally Accepted Accounting Principles (GAAP). We describe the important change noted by the FAF in accounting and reporting for income tax uncertainty in the third section, subsection entitled "Important Changes to Accounting and Reporting Under FIN 48."

[3] Subsequent PIRs examine FASB Statement No. 131 (FAS 131), FASB Statement No. 141R, GASB Statement Nos. 3 (GAS 3) and 40 (GAS 40), GASB Statement Nos. 10 and 30, and FASB Statement No. 109. FAS 131 was completed during January 2013, GAS 3 and GAS 40 were completed during February 2013, FAS 141R was completed in May 2013, GAS 10 and GAS 30 were completed in August 2013 and FAS 109 was completed in November 2013.

[4] Accordingly, the FAF does not review standards that are being reconsidered by the FASB or GASB.

The FAF concluded its initial PIR of FIN 48 and issued the PIR report, derived from the Findings document, in January 2012 (FAF 2012a). The FASB responded in March 2012 (FASB 2012). Both documents are available on the FAF website.[5] The overall conclusion drawn by the PIR team was that, relative to prior guidance, FIN 48 improved the consistency and reporting of income tax uncertainty, and provides more relevant information. Notwithstanding these conclusions, the FAF did identify some areas of stakeholder concern and disagreement, as well as ways to improve the standard-setting process. We discuss these findings in the third section.

The goals of this paper are to explain the role of the academic consultant in the PIR as well as increase interest among academics in participating in this aspect of the standard-setting process. Although directly participating in the PIR clearly contributes to the evaluation of the standard-setting process, first and foremost, academics can contribute to the PIR process by writing timely research that addresses the PIR objectives outlined below. It is critical to the PIR process to gauge whether and/or how the users of financial statements use the information in the reviewed standard in their investment decisions. Empirical archival, behavioral, and survey work provide valuable information about the market's perception of the information that the FAF cannot obtain by other means. By explaining the particulars of the PIR objectives, as well as how we tailored the FIN 48 literature review to address them, we hope to increase the interest of academics willing to participate in future PIRs. Note that this paper borrows heavily from the academic literature review provided to FAF and available on SSRN.[6]

This remainder of this paper is organized as follows: the following section describes the role that academics can play in PIRs and explains how a summary of standard-specific academic research can be a valuable input into the PIR process. The third section summarizes our original review of the academic literature (Blouin and Robinson 2011) in the context of the PIR objectives to illustrate the FAF's preferred organization of standard-specific research for a PIR and demonstrate how a PIR literature review can identify avenues for future academic work. The final section concludes and provides recommendations for academics that want to play a role in future PIRs.

THE ROLE OF THE ACADEMIC AND THE ACADEMIC LITERATURE IN THE PIR PROCESS

There are three key roles that academics can play in the PIR review process, particularly in the research phase. First, academics can assist by completing surveys or questionnaires on standards in their area of expertise. All academics can access the FAF website and sign up to participate in the PIR surveys.[7] These survey responses are a key element of the Findings document.

Second, academics can assist the FAF in identifying important issues on which to obtain stakeholder input through its various surveys, questionnaires, and interviews. Here, the academic assists the FAF and its professional survey firm in formulating or refining the content and language of questions, so that they are as unbiased and effective as possible in eliciting views from a broad range of constituents.[8] Academics who have studied particular standards are well suited to write questions based on their knowledge of the academic literature. In the PIR process, academics are

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[5] Available at: http://www.accountingfoundation.org/jsp/Foundation/Page/FAFSectionPage&cid=1176163052005

[6] The original literature review delivered to the FAF (Blouin and Robinson 2011) is available on the Social Science Research Network at http://www.SSRN.com

[7] Available at: http://accountingfoundation.org/jsp/Foundation/Page/FAFBridgePage&cid=1351027541571#section_3

[8] Note that knowledge of survey research is not required to participate in a PIR. The second and third roles described here are provided by the academic to the FAF as part of a formal consulting arrangement.

asked to review the core PIR survey questions to make sure that these questions are relevant to the particular standard. In addition, academics can suggest questions that can address some aspect of the standard that may not have been considered by the FAF's PIR team.

The third, and arguably most important, role of the academic is to deliver an academic literature review to the FAF. The review summarizes the existing body of standard-specific academic research around the PIR objectives (described in detail below). The FAF identified academic research related to the selected standard as an important input into the PIR review process:

> The academic community is a significant potential resource for our PIR research. Properly conducted, academic research allows us to more efficiently understand the characteristics of standard-specific information. Standard-specific academic research provides supplemental information that validates the need for the selected standard, analyzes financial statement reporting before and after it was issued, informs on the selected standard's operationality, and indicates unexpected results from its implementation and compliance. (FAF 2012b, 5–6)

As such, academics with expertise on the selected standard are identified by the FAF and asked to deliver a written summary of the literature, with the objective of making academic research more accessible to the FAF.[9] The final literature review, which takes several months to complete, ultimately becomes a FAF work product and serves two key purposes. First, the process of reviewing the literature enables the academic to identify key issues early on that may be addressed in the surveys, questionnaires, and interviews. Second, along with other research conducted by the FAF and stakeholder input, the final literature review provides support for the overall conclusions reached in the Findings document delivered to the standard-setting board.

A literature review created as part of a PIR differs from other literature reviews designed to help accounting standard setters (e.g., Healy and Wahlen 1999; Rees and Shane 2012) in two important ways. First, a PIR literature review should address the specific PIR objectives laid out by the FAF (see the first section). As such, the discussion must be structured around the PIR objectives, and is not determined by the author of the review.

Second, each PIR focuses on a specific standard so the literature review that informs the PIR by default is more narrowly focused. As noted in Ewert and Wagenhofer (2012, 283), "In a PIR, the normative decisions have already been made, and the challenge is to measure the effects of a new accounting standard relative to its objectives and to the situation that prevailed before the standard became effective." As such, we argue that academic research is particularly germane in the context of a PIR because it often provides important feedback as to investors' responses, firms' reporting behavior, and, sometimes, unintended consequences of standards in practice.

We elaborate on the three PIR objectives, as determined by the FAF, below (FAF 2012b, 4):

1. Determine whether the selected standard is accomplishing its stated purpose by determining whether:
    a. The standard resolved the issues underlying its need;
    b. Decision-useful information is being reported to, and being used by, investors, creditors, and other financial statement users;

[9] The FAF identifies individuals to contact by reviewing publications relevant to the standard to be reviewed. After identifying these individuals, the FAF contacts each to gauge their interest in participating in the PIR. If multiple individuals are interested in serving as the academic consultant, then FAF personnel effectively interviews the candidates and selects one.

c. The standard is operational (i.e., stakeholders are able to apply the standard as intended; the standard is understandable; preparers are able to report the information reliably);
d. Any significant unexpected changes to financial reporting and operating practices have occurred (as the result of applying the standard);
e. Any significant economic consequences have occurred (as the result of applying the standard) that the Board did not consider.

2. Evaluate the selected standard's implementation and continuing compliance costs and related benefits by determining whether:

a. Implementation and continuing compliance costs are consistent with the costs that the Board considered and stakeholders expected;
b. Benefits are consistent with what the Board intended and stakeholder expected.

3. Provide feedback to improve the standard-setting process, by assessing whether the results of the review suggest that improvements are needed.

In many cases, existing academic literature will not be able to provide insight into all of the PIR objectives. For example, it will be rare that academic research will be able to directly assess the standard-setting process (i.e., the third objective). In the case of FIN 48, academic research was useful in the evaluation of the first objective. However, we foresee that academics will be able to address the first two objectives in future PIRs.

ACADEMIC LITERATURE REVIEW FOR FIN 48 PIR

In this section, we summarize the original discussion of the academic literature that we delivered to the FAF. This section serves to illustrate two things: (1) how we organized and summarized an existing body of standard-specific academic research to address the specific PIR objectives, and (2) how we identified areas in which academic research fell short of effectively addressing PIR objectives but could evolve to address important unanswered questions. These insights are important because most academic research can inform future PIRs by providing statistical analyses that the FAF can use to evaluate the standard-setting process (as opposed to recommending standard-setting actions). In addition, Appendix A links each study cited in our literature review to the PIR objective(s) addressed.

Organization of FIN 48 Literature Review

The initial step of the FIN 48 academic literature review was to determine which of the PIR objectives described above that the current literature was able to address. We determined that the literature was only able to provide input for the first objective, which is determining whether the standard is accomplishing its stated purpose (see the second section). Within this objective, the literature only indirectly addresses whether decision-useful information is being provided to financial statement users (objective [1b]) because empirical research evaluates investment decisions using stock prices (i.e., we infer response through market reaction), while the precise mechanism by which FIN 48 information affects price is unexplored.

Regarding the detection of any unforeseen economic consequences (objective [1e]), there may be unforeseen consequences that eventually come to light (such as firms' responses to the IRS Schedule UTP—Uncertain Tax Position Statement), but it was too early for the literature to have examined this issue. Nevertheless, we mention this along with our discussion of whether FIN 48 resulted in any unexpected changes in firm behavior (objective [1d]).

Ultimately, we organized our review around the four subsections of the first PIR objective that we determined the academic literature was able to address:

PIR Objective (1a): Did FIN 48 resolve the underlying need for the standard?

This section focuses on work that addresses (1) whether the reasons that FIN 48 was added to the agenda appear valid (i.e., diversity in practice and lack of information for investors), and (2) whether the stated purpose of FIN 48 is being realized.

PIR Objective (1b): Does FIN 48 provide decision-useful information?

This section includes a discussion of work that examines the stock market's response to FIN 48-related events.

PIR Objective (1c): Is FIN 48 operational?

This section focuses on ascertaining whether the standard is being applied consistently, in terms of recognition, measurement, and disclosure.

PIR Objective (1d): Did FIN 48 result in unexpected changes in behavior?

This section addresses whether firms or the tax authorities changed their behavior due to the implementation of FIN 48.

Our review included several caveats regarding the use of academic research to inform the PIR of FIN 48. For instance, it was difficult for this research to provide feedback so soon after the standard was passed. There were only four published papers on FIN 48 at the time of our review, so our discussion was based largely on working papers.[10] In particular, one risk in using new (unpublished) research to inform standard setting is that "new knowledge is a trial-and-error process, so there is a built-in possibility that current knowledge turns out to be partially wrong or of limited scope" (Ewert and Wagenhofer 2012, 284). It was also difficult for the research to speak to the effectiveness of FIN 48 *relative to* prior guidance due to the lack of information disclosed prior to FIN 48. Finally, we noted that empirical archival research does not establish causality, nor does it inform the FAF as to what stakeholders think or feel.[11]

Our literature review also summarized work on FIN 48 that did not directly address any of the PIR objectives. Though the FAF was primarily interested in work that addressed the PIR objectives, there were some academic findings that were of indirect interest to the FAF (i.e., determinants of the unrecognized tax benefit recorded under FIN 48).

In this paper, we summarize pertinent portions of the original literature review that directly address the PIR objectives. Specifically, regarding each of the four objectives above, we discuss our conclusions in light of existing empirical evidence. Our conclusions, which are based solely on the academic literature, may not echo the overall conclusions reached by the FAF as part of the PIR because the FAF bases its conclusions on a variety of research inputs, some of which can more directly address the PIR objectives. As we believe these differences highlight ways that research can evolve to provide important feedback regarding the effectiveness of a standard, we contrast our conclusions with those of the FAF.

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[10] Our discussion of FIN 48 working papers is based on the paper's findings at the time we completed the initial draft of our review in October of 2011. To supplement the academic work, we also drew from articles published by practitioners. Each paper that we discussed in our original review is listed in Appendix A, and is linked to one or more PIR objectives. Any paper dated 2013 was published subsequent to the completion of our review, as we updated these references to reflect their current status as published papers.

[11] Ewert and Wagenhofer (2012) discuss potential costs and benefits to using academic research in the PIR process, which will undoubtedly vary across standards. The FAF believes that, as a supplement to its other research inputs, an accessible and well-organized summary of standard-specific academic work is a valuable part of the PIR process.

Important Changes to Accounting and Reporting Under FIN 48

As noted by the FAF's description of the selection of FIN 48 for the initial PIR standard (see the first section), FIN 48 introduced important changes to accounting and reporting for income tax uncertainty. Tax uncertainty arises because taxpayers are often unsure whether the tax authority will assess an additional tax payment upon audit of their income tax returns. The potential for these future tax payments (i.e., tax contingencies) implies that the tax liability on the originally filed tax return may be too low (e.g., because too little income was reported, too many deductions were reported, or the character of income reported or credit taken is inappropriate).

The financial reporting problem that FIN 48 seeks to address is how to reflect these "uncertain tax benefits," realized on the tax return, in financial statements during the time that potential tax disputes remain unresolved. During each reporting period a firm must assess how much of the benefits attributable to uncertain tax positions should be recognized in its financial statements. FIN 48 sets forth a process for evaluating the recognition and measurement of uncertain tax benefits claimed on a tax return that are not permitted to be recognized in financial statements, and provides mandatory disclosure requirements. FIN 48 terms this liability, or tax reserve, the "unrecognized tax benefit" (UTB).

In particular, FIN 48 introduced a benefit recognition approach that differed from the contingent liability approach of SFAS 5, *Accounting for Contingencies* (FASB 1975), which generally governed contingencies, including tax contingences prior to FIN 48. FIN 48's aim is to assure that tax benefits recognized in companies' financial statements are recorded in the financial statements based on tests of asset recognition, rather than on providing a measure of the amount at which liabilities for uncertain tax positions will ultimately settle. Also notable is that FIN 48 does not permit firms to consider detection risk (i.e., firms must assume that the tax authorities have full knowledge of any uncertain tax position)[12] in recognizing and measuring tax reserves.

Evaluating FIN 48 in the Context of the PIR Objectives

Objective 1a: Did FIN 48 Resolve the Underlying Need for the Standard?

FIN 48 was added to the FASB's agenda primarily due to concerns regarding "diversity in practice" related to recording uncertain tax benefits. The standard's purpose was to increase the relevance and comparability of accounting for tax uncertainty and to improve disclosure. Thus, to evaluate PIR objective (1a), we selected papers that either (1) provide evidence surrounding the initial motivation for the standard, or (2) provide evidence as to whether the standard is meeting its stated purpose. The academic literature provides some input into the potential diversity in practice, and into whether FIN 48 increased information available about uncertain tax benefits. The lack of pre-FIN 48 data hinders research investigating whether the relevance and comparability of accounting for tax uncertainty *improved* as a result of FIN 48.

The first issue, the motivation for FIN 48, grew out of the SEC's staff concern about the lack of guidance under SFAS 109 (FASB 1992) with respect to accounting for tax uncertainty. Anecdotally, firms were using a variety of methods for determining tax reserves. Academic research assumes that firms were generally following SFAS 5, and accruing the expected value of the outcome from potential tax assessments. Moreover, although required to disclose material contingencies under SFAS 5, firms had substantial discretion in defining "material." The widely held belief was that diversity in practice produced inconsistent accounting for income tax reserves

[12] Said another way, firms can no longer play the "audit lottery" whereby they gauge the likelihood that the taxing authority will find the particular tax position in an audit of the tax return. This is a particularly salient issue concerning nexus whereby firms have made a decision not to file a return in a particular jurisdiction.

and limited the availability of information about tax reserves to investors (Financial Accounting Standards Advisory Council [FASAC] 2004).

Several academic studies speak to the initial motivation for FIN 48. Gleason and Mills (2002), Blouin and Tuna (2007), and Gupta, Laux, and Lynch (2010) document a pattern of diverse disclosure practices pre-FIN 48. Because so few firms disclose any detailed information about tax reserves, none of the aforementioned studies are able to investigate diversity in tax reserve measurement. However, there are papers that study whether researcher-developed estimates of the pre-FIN 48 tax reserves are correlated with measures of potential tax assessments. For instance, Gleason and Mills (2002) and Lisowsky (2010) suggest that, on average, firms with greater potential tax assessments record larger tax reserves.

Finally, Dhaliwal, Gleason, and Mills (2004), along with Blouin and Tuna (2007) and Gupta et al. (2010), find evidence consistent with firms using pre-FIN 48 tax reserves for earnings management. These studies come closest to broaching the topic of measurement diversity. If firms use the subjectivity required to measure tax reserves in order to meet earnings objectives, then diversity in measurement may arise from variation in firms' financial reporting objectives. Although the overall conclusion from these studies is that the discretion afforded under SFAS 5 with respect to recording tax reserves was used opportunistically, the extent to which this was the case is unclear. Also, it is important to note that none of the papers discussed is able to directly link changes in tax reserves with meeting or beating an earnings benchmark.

The second issue, the purpose of FIN 48, was to increase relevance and comparability in financial reporting of income taxes and to provide more information to users of financial statements about income tax uncertainty (FASB 2006). To this aim, the standard imposes consistent criteria for recognition, measurement, and disclosure requirements. Relevance means that information is capable of making a difference in the decisions of users. To make a difference, the information must have both predictive value and confirmatory value (FASB 2010). Comparability enables users to identify and understand differences in, and differences among, items.

By limiting discretion in the setting of tax reserves and increasing transparency, FIN 48 can potentially reduce earnings management via the tax reserve. If firms have varying incentives for earnings management, then, reducing earnings management would imply an increase in the comparability of tax reserves. Gupta et al. (2010) studies quarterly tax reserve disclosures for firms before and after FIN 48 adoption and finds evidence that the practice of meeting or beating an earnings target via the tax reserve appears to have declined post-FIN 48. However, inferences regarding changes in earnings management post-FIN 48 are limited to this one study, which, since few firms previously disclosed reserve information, likely suffers from selection bias.

Blouin, Gleason, Mills, and Sikes (2007, 2010) examine adoption disclosures reported in firms' first quarter 2007 financial statements. These studies speak (albeit indirectly) to the issue of increased comparability. The authors document in a sample of 100 large firms that 40 firms increase the tax reserve at adoption, 40 firms decrease the tax reserve, and 20 firms experience no change. Given that FIN 48 introduced a consistent set of measurement criteria that all firms apply, the relatively symmetric distribution of adoption adjustments around zero implies that firms are moving away from diverse practices suggesting increased comparability. This descriptive evidence, however, does not allow us to understand the degree to which the diversity in practice was reduced.

Finally, studies that examine FIN 48 adoption disclosure practices (e.g., Robinson and Schmidt 2013) confirm that FIN 48 substantially increased information about tax uncertainty available in firms' financial statements. For instance, the authors document a 100 percent compliance rate with the requirement to disclose their tax reserve balance. Although the compliance rate is somewhat lower for other disclosure requirements, there is substantially more information disclosed than prior to FIN 48.

Overall, we conclude that the academic literature supports the need to reduce diversity in practice, which was the motivation for FIN 48. Similarly, the FAF concludes that different recognition and measurement approaches were used by preparers prior to FIN 48. Our review also finds that FIN 48 increases the amount and comparability of information regarding tax uncertainty, which was the stated purpose of FIN 48.[13] While the FAF also concludes that more information was disclosed after FIN 48, they noted that, based on inconsistent survey responses from users and preparers, the information may not be comparable. Determining whether FIN 48 increased comparability is difficult; while FIN 48 put firms on a level playing field with regard to detection risk, it did not reduce the need for a great deal of judgment.

In our opinion, the most significant limitation of the literature in addressing this PIR objective is the lack of studies examining tax reserves prior to the issuance of FIN 48. While establishing that the amount of information disclosed increased after FIN 48 is relatively straightforward, we encourage more work on the issue of increased comparability (and relevance). In particular, research that can make pre- and post-FIN 48 comparisons would be useful in evaluating the effectiveness of FIN 48 relative to prior guidance under SFAS 5.

For example, we believe that survey work could attempt to address this issue. Moreover, there are methods to estimate prior tax reserves (i.e., Blouin and Tuna 2007; Rego and Wilson 2012) that could be used to make pre- and post-comparisons. Finally, Robinson, Stomberg, and Towery (2014) examine the impact on firms' effective tax rates in IRS settlement periods from 2002 to 2011, which allows the authors to infer (albeit indirectly) the extent to which firms were over- versus under-reserved for settled positions pre- versus post-FIN 48. Overall, we believe there is room for some creative work in this area.

Objective 1b: Does FIN 48 Provide Decision-Useful Information?

Another objective of the post-FIN 48 implementation review was to ascertain whether FIN 48 is useful to investors. By useful, the FASB means that the information contained in the disclosure aided investors in their allocation of capital efficiently across investments (see FASB [2010]). Although usefulness refers to investment decisions made by all potential investors, including lenders/creditors, this review focuses on equity investors primarily because, to date, these investors are the focus of the academic research. If market participants use the information in their investment decisions, then there should be a significant statistical association between firms' UTBs and some measure of firms' market values or stock returns. Essentially, the interest is in understanding whether the information about uncertain tax positions is incorporated into stock price (i.e., is value relevant).

To evaluate PIR objective (1b), we discussed papers that provide evidence surrounding the information content of accounting disclosures under FIN 48. Initial work in this area investigated whether the reported tax reserve balance is associated with equity prices or returns. Frischmann, Shevlin, and Wilson (2008) find little evidence of any stock market reaction to the announcement of FIN 48. However, Frischmann et al. (2008), Song and Tucker (2008), Koester (2010) and Robinson and Schmidt (2013), all document a significant *positive* association between the UTB and measures of firm performance. There are effectively two explanations for this result. First, if the large UTB signals aggressive tax planning, then the positive association is consistent with investors viewing aggressive tax planning as value enhancing. Second, the result can be interpreted as evidence that the market views the firm's earnings as being understated because the presumption that all tax

[13] Our overall conclusion regarding comparability is based on one paper that provides evidence consistent with reduced earnings management after FIN 48 (Gupta et al. 2010), and another paper documenting a relatively symmetrical distribution of FIN 48 adoption adjustments (Blouin et al. 2010).

positions must be viewed by the tax authorities leads the firm to overstate unrecognized tax benefits (i.e., overstate the reserve). Thus far, the literature has been unable to disentangle these two explanations of why the UTB affects firm value.

Overall, we conclude that the literature finds fairly consistent evidence that FIN 48 produces value-relevant information for equity investors. Similarly, the FAF concludes that investors are using the reported information in their decision process. However, it is not entirely clear how investors are using the information, and whether they correctly interpret the information that is being conveyed.

For instance, FAF user survey responses indicate that investors are using FIN 48 information to predict income tax cash flows (or earnings impact), or to assess the aggressiveness of management's income tax strategies. Yet, preparer survey responses express concern that FIN 48 may not be predictive of future cash flows, and that similar uncertain tax positions may be recorded differently across firms. Similarly, though users indicate that FIN 48 information is useful for predicting future tax cash flows, academic research fails to document that the market values the tax reserve as a contingent liability.

It would also be useful to understand whether FIN 48 actually improved the decision-usefulness of accounting information for income taxes, relative to SFAS 5. For instance, in responding to the FIN 48 PIR questionnaire, the Tax Executives Institute noted:[14]

> Although we only have anecdotal evidence, companies are seemingly reporting more releases of FIN 48 reserves than accruals of additional tax liabilities as a result of audit settlements. This implies that FIN 48 is causing a systematic inflation of income tax liabilities and thus an overstatement of effective tax rates. Public companies suffer valuation reductions when providing reserves in their financial statements because their ongoing earnings per share are lower, but are rarely given credit for a settlement that results in a large one-time benefit to the income statement. Although the same was true when tax reserves were computed under FAS 5, the level of reserves is even higher under FIN 48.

More work can be done to understand why FIN 48 information maps into firm value, and to reconcile existing empirical findings with practitioner claims and otherwise anecdotal evidence.

Objective 1c: Is FIN 48 Operational?

The focus of this objective is to ascertain whether the standard is clear and understandable by those who are implementing it, thereby speaking to the standard's consistent *application*. Empirical archival work cannot speak to clarity and understanding because these constructs are based on management's perceptions. Therefore, the focus of this section is consistency, which potentially leads to comparability of tax reserve information in the FIN 48 regime.

Consistency refers to the use of the same methods for the same items, either from period to period within a reporting entity or in a single period across entities (FASB 2010). Consistency helps achieve the goal of comparability, an enhancing qualitative characteristic of financial accounting information that increases its usefulness.[15] According to SFAC No. 8, information is "useful if it can be compared with similar information about other entities and with similar information about the same entity for another period or another date" (FASB 2010). Whether FIN 48 is being applied

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[14] Available at: http://www.tei.org/news/Pages/Comments-on-FAF-Post-Implementation-Review-of-FIN-48.aspx

[15] According to Statement of Financial Accounting Concepts (SFAC) No. 8, the objective of financial reporting is to provide information that is useful in assessing both cash flow prospects and stewardship (FASB 2010).

consistently is of interest because of its effect on the usefulness of information provided pursuant to the new standard.

To evaluate PIR objective 1c, we selected papers that provide evidence surrounding the ability of preparers and practitioners to understand and apply the provisions of FIN 48 and report reliable information. Our review focuses separately on (1) whether the recognition and measurement criteria are applied consistently in practice, and (2) whether the disclosure guidelines are applied consistently in practice. Inconsistent application of FIN 48's recognition and measurement guidelines across firms may arise due to variation in financial reporting objectives or variation in managerial judgment in evaluating the tax positions.[16]

It is well recognized that firms strategically choose accounting policies and procedures to manipulate their results to attain some reporting objective, such as meeting or beating the consensus analyst forecast, avoid reporting an earnings decline, and avoid reporting losses (e.g., Burgstahler and Dichev 1997; Degeorge, Patel, and Zeckhauser 1999). Gupta et al. (2010) directly tests whether the new guidelines and increased transparency required to record the FIN 48 unrecognized tax benefit (UTB) might constrain the ability to manage earnings with the tax reserve. This study examines whether changes in the UTB are used to manage quarterly earnings in 2007 and 2008. The analysis suggests that income-increasing UTB changes are not used to meet earnings targets, but that income-decreasing UTB changes are used to smooth earnings. Using a different research design, Cazier, Rego, Tian, and Wilson (2010) find that firms appear to continue to use changes in the UTB for earnings management post-FIN 48. The study finds evidence that both UTB decreases and UTB increases are used to manage earnings.

Cazier et al. (2010) has two shortcomings relative to Gupta et al. (2010). First, Cazier et al. (2010) only studies post-FIN 48 reserve behavior; it does not address whether earnings management via the tax reserve is different than in the pre-FIN 48 period. Second, some studies question whether the Cazier et al. (2010) research design is effective at testing earnings management hypotheses.[17] Thus, the results should be interpreted with caution. As both studies find evidence of income smoothing using different research design choices, incentives to report smooth earnings may continue to reduce consistency in the measurement of UTBs post-FIN 48.

Understanding the extent to which the discretion afforded under FIN 48 produces different tax reserve amounts is an important part of understanding whether the standard, even consistently applied in practice, creates comparable information. Even if firms apply the accounting guidance prescribed under FIN 48 consistently, the information produced may not be comparable because the process of evaluating a firm's tax positions is highly subjective, and the effect of management's judgment in evaluating tax positions is unclear.[18] The new standard attempts to limit the impact of discretion in two key ways. First, the recognition step focuses on the tax position's technical merits, rather than audit probabilities or litigation/settlement intentions. Second, if the "more likely than

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[16] See Hanlon and Heitzman (2010) for a discussion of their concerns with the unrecognized tax benefit disclosed pursuant to FIN 48.

[17] Cazier et al.'s (2010) analysis suffers from the "backing-out" problem discussed in Lim and Lustgarten (2002) and Elgers, Pfeiffer, and Porter (2003). The "backing-out" problem occurs when the measure being studied, e.g., unmanaged earnings, is estimated (because "true" unmanaged earnings are unobservable by the researcher) by subtracting the balance of the specific account being used for earnings management, e.g., the discretionary accrual. Because the observed unmanaged earnings balance is now a function of the discretionary accrual, the research induces a negative relationship between the variables he/she is studying.

[18] W. Raby and B. Raby (2006) and Kimmelfield (2006) point out that FIN 48 reserve calculations require a high level of sophistication and experience (that most companies lack), concluding that the standard may not produce "meaningful income measurement" (Raby and Raby 2006, 156) and the information may suffer from lack of comparability.

not" threshold based on the technical merits is not met, the determination of the tax reserve is insensitive to the probability assessment.

Nichols (2008), De Simone, Robinson, and Stomberg (2013), and Lisowsky, Robinson, and Schmidt (2013) each investigate managements' judgment inherent in measurement of UTBs. Nichols (2008) examines the annual FIN 48 disclosure at 2007 year-end, and notes substantial changes in the UTB, as a percent of the beginning balance in the UTB, related to prior-year tax positions. She concludes that these large changes raise "questions about management's judgment when determining the UTB on adoption of FIN 48" (Nichols 2008, 560). De Simone et al. (2013) uses a unique setting, a small sample of paper companies, to document variation in the recognition of tax benefits for a virtually identical tax position (i.e., "alternative fuel mixture credit" or "black liquor" refunds). The authors document tremendous variation in the disclosure and the level of UTB pertaining to the tax credit, implying that management of these firms have systematically different opinions about the merits of the transaction. Finally, Lisowsky et al. (2013) attempt to estimate the "expected" component of the UTB. The expected UTB is then compared to the unexpected component (unexpected = UTB – expected). The authors observe that the unexpected UTB has a large standard deviation and conjecture that this finding corroborates those of De Simone et al. (2013) because firms engaging in similar activities record different UTB amounts.

In summary, the academic literature offers two insights regarding consistent application of the recognition and measurement criteria of FIN 48. First, the literature suggests that earnings smoothing may hinder consistent application of FIN 48. Second, consistent application of FIN 48 may not necessarily lead to comparable information due to the inherent judgment in evaluating even similar facts and circumstances in the context of highly ambiguous tax laws.

There is also academic work that addresses the consistent application of FIN 48 disclosure guidelines. Disclosure variation may result in the non-comparability of tax reserve information for users of financial statements, even if firms implement the recognition and measurement criteria consistently. Paragraphs 20 and 21 of FIN 48 set forth mandatory disclosure requirements, which increase the amount of information available in financial statements post-FIN 48. Researchers compiled this newly disclosed information for various samples, and found that disclosure practices varied across firms.

What is known about disclosure variation comes mainly from three studies: Blouin et al. (2007), Robinson and Schmidt (2013), and Dunbar, Omer, and Schultz (2010). Blouin et al. (2007) offers a detailed discussion and tabulation of adoption disclosures for a small sample of 200 firms, noting, "inconsistencies remain in the disclosures" (Blouin et al. 2007, 523). Robinson and Schmidt (2013) measures the quality of adoption disclosures for S&P 1500 firms, and finds that firms' disclosure quality is lower when the proprietary cost of disclosure is expected to be high.[19] That is, some firms were concerned that the disclosure requirements might "provide a roadmap for the tax authority that may undercut the firm's bargaining power in the associated tax disputes" (Spatt 2007). Dunbar et al. (2010) examines the look-forward disclosure required by FIN 48 (FASB 2006, ¶21d) on the basis that disclosure of this information has a particularly high proprietary cost, and finds many firms do not disclose this information. Moreover, they also find that when the firm does disclose this information, only one-half of the firms accurately predict the direction of the expected change, and only one-fourth accurately predict the amount of the change.

[19] Robinson and Schmidt (2013) distinguish between "completeness" and "clarity" when constructing measures of disclosure quality. The lack of consistency in implementing the disclosure guidance of FIN 48 can involve either (1) noncompliance with the mandatory disclosure requirements, or (2) lack of disclosure clarity. The latter implies that the user of the financial statements is required to make an assumption in order to evaluate the information presented. If investors can make different assumptions and come to different conclusions, the information is not comparable.

The substantial variation in the completeness of these disclosures documented in the literature suggests that some aspects of the mandatory disclosures are costly or difficult for firms to provide. Clearly, the failure to provide all of the components of the FIN 48 disclosure is a compliance issue. But depending on the firm's perceived cost of non-compliance with the standard's disclosure requirement, the lack of disclosure may be optimal. This is particularly true when dealing with proprietary information (such as uncertain tax positions).

Overall, we conclude from the academic literature that the measurement guidelines of FIN 48 may not be applied consistently in practice for two reasons: (1) the desire to smooth earnings, and (2) differences in opinion/judgment when evaluating/measuring tax positions. The FAF conclusions echo the second of our inferences, noting practitioner concern that a significant amount of judgment is required to determine the outcome probabilities of uncertain tax positions. In addition, the academic literature notes that FIN 48 adoption disclosures lack consistency, and that the lack of consistency appears to be intentional to avoid revealing sensitive information. However, no study examines disclosure consistency after FIN was initially adopted, or investigates why auditors are not requiring complete disclosures.

It would be useful for future work to provide a better understanding of the factors that affect consistent reporting of tax reserves across firms such as judgment, management style, and/or settlement intentions, incentives, governance, etc. These factors could provide insight into whether (and how) users adjust FIN 48 information in various decision contexts. Behavioral research is particularly well suited to understand bias and heuristics in judgment surrounding tax reserves. It would also be interesting to know how disclosure practices are evolving over time, although we recognize that it is costly to collect and evaluate FIN 48 footnote disclosures.

Objective 1d: What Were the Real Effects of FIN 48?

This section addresses whether there were any significant unexpected changes in behavior that resulted from the implementation of FIN 48. Of particular interest is an understanding of whether financial reporting has an impact on real firm behavior. When an accounting standard changes or is newly adopted, it is natural to investigate whether firms' non-reporting or "real" behavior changes as well. Changes in firm behavior that have some economic ramification may constitute an unexpected consequence of the reporting regime.[20] Moreover, FIN 48 is unique because it not only has a potential effect on firms' behavior, but it could also conceivably alter the behavior of taxing authorities—a party not typically considered when evaluating the consequences of accounting standards.

Two streams of research regarding changes in behavior as a consequence of FIN 48 are discussed below. The first stream investigates whether firms altered their behavior. In particular, many are interested in understanding whether firms changed their tax strategy to either reduce their FIN 48 UTBs or avoid scrutiny by the tax authorities. Studies investigate behavior around implementation as well as evidence of any ongoing changes in behavior.

Blouin et al. (2010), Lisowsky (2010), Beck and Lisowsky (2013), Dunbar, Phillips, and Plesko (2009), Gupta, Mills, and Towery (2009), and Dubin and Watts (2009) all find evidence that firms changed some aspect of their tax reporting behavior, presumably to reduce the amount of UTB disclosed in their financial statements. Graham, Hanlon, and Shevlin (2014) surveyed executives in 2007 regarding a series of issues pertaining to their firms' tax planning and financial

[20] Not all changes in firm behavior constitute unexpected consequences of implementing a new accounting standard. As the objective of a PIR is to identify unexpected changes, we focus our literature review on changes in behavior not *ex ante* considered by the FASB when developing FIN 48. FAF input in conducting the literature review helped us distinguish expected from unexpected changes in behavior.

reporting, and documented that a majority indicated that their willingness to engage in aggressive tax planning would decrease as a result of FIN 48.

The second stream discusses the potential response of the taxing authorities to the FIN 48 disclosures. There was much conjecture that FIN 48 would provide an "audit" roadmap to the IRS. Unless the taxing authorities intended to use FIN 48 information in its audit process (either selection of firms for audit or in settlement negotiations), it is not clear why firms would be reluctant to include UTB information in their financial statements. But for Mills, Robinson, and Sansing (2010), all of the work on this topic discussed in the academic review was more practitioner-based.[21]

Mills et al. (2010) models the FIN 48 financial statement disclosure as a public signal from the taxpayer to the shareholders that also provides information to the government. The analysis shows that mandatory disclosure of uncertainty about tax filing positions need not put all taxpayers at a disadvantage in the tax audit process. In fact, taxpayers with strong tax positions have higher expected payoffs from claiming uncertain tax positions post-FIN 48. The possibility that some taxpayers benefit from the mandatory disclosure requirements of FIN 48 had not been discussed.

Overall, the academic literature finds evidence that, in anticipation of adopting FIN 48, firms changed their behavior with respect to interacting with tax authorities. In addition, several studies conclude that, after FIN 48 became effective, firms' tax planning strategies became less aggressive. In contrast, the FAF concluded that firms (i.e., preparers) generally did not experience any unexpected changes to their financial reporting or operating practices. Based on the surveys, those firms that did acknowledge adopting more conservative tax strategies indicated that they did so in response to external factors other than FIN 48. It is difficult for empirical work to fully control for these other factors, making it hard to directly attribute the results of these studies to FIN 48.

At the time we conducted our literature review, it was too early for empirical work to rigorously test for real effects of FIN 48. Now that more than five years have passed since the implementation of FIN 48, future work can begin to better understand the potential long-term effects of FIN 48. These effects may include changes in firms' tax strategies, changes in negotiations with taxing authorities, or changes in the probability of audit selection. In addition, as noted by FAF (2012a), preparers are concerned about the implementation of Schedule UTP. Future work could address whether those concerns are warranted.

CONCLUSIONS AND SUGGESTIONS FOR FUTURE PIR-RELATED RESEARCH

In 2009, the FAF determined that part of its oversight role would include a formal review to monitor and address issues that can arise after the implementation of accounting standards. The broad objective of a PIR is to evaluate the effectiveness of accounting standards in a way that seeks to improve the standard-setting "process" and inform future rulemaking. The FAF selected FASB Interpretation No. 48 (FASB 2006), *Accounting for Uncertainty in Income Taxes*, as the initial PIR standard. Further, the FAF identified academic research related to the selected standard as an important input into the PIR process. Our paper provides insight, from our role in the PIR of FIN 48, into the role of academics and academic research in a PIR.

In particular, a major focus of this paper is on the literature review the FAF requested that we prepare during the PIR. By summarizing pertinent components from our original literature review, we hope to provide a useful illustration of two things. First, we show how an existing body of standard-specific research was organized and summarized to address specific PIR objectives. Second, we note when the academic literature fell short of addressing PIR objectives,

[21] See Coder (2008, 2009, 2010); Dellinger (2010); Klotsche, Traubenberg, and Hollingsworth (2010); and Sapirie (2010).

recommending possible avenues for future work. Overall, these insights are important because we believe that academic research can effectively inform future PIRs. By conducting standard-specific work that examines how accounting pronouncements are working in practice, academic research can play a role in improving the standard-setting process.

In summary, the academic literature on FIN 48 was able to directly address a number of PIR objectives. Moreover, the conclusions reached in the literature review were often consistent with those reached by the FAF that consider all of the feedback obtained during the PIR (the academic literature review was one of many distinct research inputs for the FAF). Inconsistencies in some survey responses provide direction for future work, such as whether FIN 48 is more effective (in terms of consistency, comparability, and relevance) than its predecessor FAS 5, and precisely how investors are using FIN 48 information to make investment decisions when preparers and practitioners indicate that the information may not be comparable across firms or indicative of future cash flows.

In the case of the FIN 48 PIR, the limited amount of time that passed between implementation of FIN 48 and the PIR meant that there was little published empirical work available to inform the PIR. The fact that empirical work often requires the researcher to wait for data to accumulate over a sufficient period of time potentially highlights an important role for theoretical and behavioral work surrounding how new guidance is expected to work in practice. Nevertheless, we anticipate that our experience will shape future research on FIN 48 that seeks to address topics of interest to standard setters. In addition, we hope that by offering academics a better understanding of the role of the academic in a PIR, that they will take an interest in participating in many future PIRs.

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APPENDIX A

Linking References for FIN 48 Literature Review to PIR Objectives

Author(s)	Title	Year	Published	Journal	(a)	(b)	(c)	(d)	Other
Alexander, R., M. Ettredge, M. Stone, and L. Sun	Assessing uncertain tax benefit aggressiveness	2009	No				X		
Beck, P., and P. Lisowsky	Tax uncertainty and voluntary real-time tax audits	2013	Yes	*The Accounting Review* 89 (3): 867–901				X	
Blouin, J., C. Gleason, L. Mills, and S. Sikes	What can we learn about uncertain tax benefits from FIN 48?	2007	Yes	*National Tax Journal* 60 (3): 521–535	X				
Blouin, J., C. Gleason, L. Mills, and S. Sikes	Pre-empting disclosure? Firms' decisions prior to FIN No. 48	2010	Yes	*The Accounting Review* 85 (3): 791–815	X		X	X	
Blouin, J., and I. Tuna	Tax contingencies: Cushioning the blow to earnings?	2007	No	*The Accounting Review* 89: 991–1023	X				
Brown, J., K. Drake, and M. Martin	Are firms myopic? The case of contracting on performance and uncertainty	2010	No						Compensation
Campbell, L.	FIN 48 and micro-cap firms	2010	No						Determinants of the UTB
Cazier, R., S. Rego, X. Tian, and R. Wilson	Early evidence on the determinants of unrecognized tax benefits	2009	No						Determinants of the UTB
Cazier, R., S. Rego, X. Tian, and R. Wilson	Did increased disclosure requirements and the standardization of accounting practices reduce earnings management through the reserve for income taxes?	2010	No				X		
Coder, J.	Accounting workpapers generally not meaningful, officials say	2008	Yes	*Tax Notes* 121 (November 17): 798–799				X	

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Author(s)	Title	Year	Published	Journal	(a)	(b)	(c)	(d)	Other
Coder, J.	FIN 48 workpapers affect taxpayers, IRS in unexpected ways	2009	Yes	*Tax Notes* 123 (April 6): 43				X	
Coder, J.	Wilkins discusses need for uncertain tax position reporting	2010	Yes	*Tax Notes* 126 (March 8): 1188–1191				X	
Dellinger, K.	The IRS FIN 48 disclosure initiative: Two worlds	2010	Yes	*Tax Notes* 127 (April 12): 199–201				X	
De Simone, L., J. Robinson, and B. Stomberg	Distilling the reserve for uncertain tax positions: The revealing case of black liquor	2013	Yes	*Review of Accounting Studies* (October 1) DOI 10.1007/s11142-013-9257-4			X		
De Waegenaere, A., R. Sansing, and J. Wielhouwer	Financial accounting measures of tax reporting aggressiveness	2010	No						Compensation
Dhaliwal, D., C. Gleason, and L. Mills	Last-chance earnings management: Using the tax expense to meet analysts' forecasts	2004	Yes	*Contemporary Accounting Research* 21 (2): 431–459	X				
Dubin, E., and A. Watts	Could FIN 48 have contributed to an increase in compliance among non-filers?	2009	Yes	*Multistate Tax Commission Review* (Summer)				X	
Dunbar, A., L. Kolbasovsky, and J. Phillips	FIN 48 adoption disclosures	2007	Yes	*Financial Reporting Watch* (October 24)	X				
Dunbar, A., J. Phillips, and G. Plesko	The effect of FIN 48 on firms' tax-reporting behavior	2009	No					X	

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Author(s)	Title	Year	Published	Journal	(a)	(b)	(c)	(d)	Other
Dunbar, A., T. Omer, and T. Schulz	The informativeness of the FIN 48 "look-forward" disclosures	2010	No				X		
Frischmann, P., T. Shevlin, and R. Wilson	Economic consequences of increasing the conformity in accounting for uncertain tax benefits	2008	Yes	*Journal of Accounting and Economics* 46 (2/3): 261–278		X			
Gleason, C., and L. Mills	Materiality and contingent tax liability reporting	2002	Yes	*The Accounting Review* 77 (2): 317–342	X				
Gleason, C., and L. Mills	Do auditor-provided tax services improve the estimate of tax reserves?	2011	Yes	*Contemporary Accounting Research* 28 (5): 1484–1509	X				
Graham, J., M. Hanlon, and T. Shevlin	Incentives for tax planning and avoidance: Evidence from the field	2014	Yes	*The Accounting Review* 89: 991–1023				X	
Gupta, S., R. Laux, and D. Lynch	Do firms use tax cushion reversals to meet earnings targets? Evidence from the pre- and post-FIN 48 periods	2010	No		X		X		
Gupta, S., L. Mills, and E. Towery	Did FIN 48 arrest the trend in multistate tax aggressiveness?	2009	No					X	
Hanlon, M., and S. Heitzman	A review of tax research	2010	Yes	*Journal of Accounting and Economics* 50 (2/3): 127–178			X		
Kimmelfield, N.	FIN 48: Measuring tax benefits in the real world	2006	Yes	*Tax Notes* 113 (October 30): 501–506			X		
Kimmelfield, N., and W. Hsu	Textron, the work product doctrine, and the impact of FIN 48	2007	Yes	*Tax Notes* 117 (November 26): 871–872				X	

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APPENDIX A (continued)

Author(s)	Title	Year	Published	Journal	(a)	(b)	(c)	(d)	Other
Klotsche, J., N. Traubenberg, and T. Hollingsworth	Tax risk management: Shulman's conversation with the board.	2010	Yes	*Tax Notes* 126 (January 11): 191–199				X	
Koester, A.	Investor valuation of tax avoidance through uncertain tax positions	2010	No			X			
Langmead, J., and K. Keeling	How blue chip companies fared under FIN 48	2010	Yes	*The CPA Journal* 80 (5): 28–33	X				
Lee, N., and C. Swenson	Shock and law: FIN 48 report card, IFRS, and beyond	2010	Yes	*International Journal of Economics and Finance* 2 (3): 222–233	X				
Lisowsky, P.	Seeking shelter: Empirically modeling tax shelters using financial statement information	2010	Yes	*The Accounting Review* 85 (5): 1693–1720	X			X	
Lisowsky, P., L. Robinson, and A. Schmidt	Do publicly disclosed tax reserves tell us about privately disclosed tax shelter activity?	2013	Yes	*Journal of Accounting Research* 51 (3): 583–629	X			X	Determinants of the UTB
Mills, L., L. Robinson, and R. Sansing	FIN 48 and tax compliance	2010	Yes	*The Accounting Review* 85 (5): 1721–1742				X	
Monks, T.	"Your papers, please." Requests for FIN 48 workpapers	2010	Yes	*Tax Notes* 125 (November 23): 901–918				X	
Nichols, N.	One year later: An analysis of FIN 48 disclosures in 2007 form 10-K	2008	Yes	*Tax Notes* 121 (November 3): 555–562			X		
Nichols, N., C. Baril, and J. Briggs	And the impact is. . .first quarter results from adopting FIN 48	2007	Yes	*Tax Notes* 116 (July 30): 377–388	X				

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APPENDIX A (continued)

Author(s)	Title	Year	Published	Journal	(a)	(b)	(c)	(d)	Other
Nolan, D.	LMSB's compliance assurance program (CAP): One year later	2006	Yes	*Tax Executive* 58 (1): 26–32				X	
Raby, W., and B. Raby	Quantifying uncertain tax positions	2006	Yes	*Tax Notes Today* (October 11): 153			X		
Robinson, L. and A. Schmidt	Firm and investor responses to uncertain tax benefit disclosure requirements	2013	Yes	*Journal of the American Taxation Association* 35 (2): 85–120	X	X	X		
Sapirie, M.	UTP regime continues to be refined, officials say	2010	Yes	*Tax Notes* 129 (December 20): 1298–1299				X	
Song, W., and A. Tucker	Corporate tax reserves, firm value, and leverage	2008	No			X			

PIR objectives are in the following respective columns:
(a) Did FIN 48 resolve the underlying need for the standard?
(b) Does FIN 48 provide decision-useful information?
(c) Is FIN 48 operational?
(d) Did FIN 48 result in unexpected changes in behavior?