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From:
Sent: Tue 3/17/2009 4:33 PM
To:
Cc:
Subject: Comments on Draft ASG on Interchange Fees

Attached is a clean revised draft incorporating our suggested changes to the ASG and reflecting our comments. We will separately fax   a mark-up draft showing the changes we made to the incoming Appeals draft ASG. However, because of the way in which WORD reflects universal replacements and movement of text within a document, the mark-up draft is particularly hard to read in electronic format. We are also attaching the email chain in which   requested and obtained an extension until March 18, 2009, for comments.

It is also our understanding that not all issuing banks account for interchange fee income as giving rise to OID and, even as to those that do, the way in which the fees are allocated may differ. For example, some taxpayers may account for transactors and revolvers in a single pool while others account separately for transactor and revolver pools (and some may even, improperly, include interchange fees attributable to debit or other cards in with their credit card OID income). We also note that an issuing bank may be liable to pay interchange fees in certain circumstances -- for example, if there is a reversal by credit or charge-back of the original cardholder purchase. ██ Thus, if a taxpayer is including only its net interchange fees in income, it should not also be allowed a deduction for interchange fees that it pays out (as they have already been netted against the amounts included in income). (It is our understanding that the associations regularly provide both transactional and net disbursement data to issuing banks and an issuing bank can generally provide the amount that it records on its own books as its own interchange fee liability.) ██

██ If you would like to talk about the ASG's issues or our comments/suggested changes, please contact   at   and   at   .

Here are the above-described attachments:

Attachment: Redacted