

MELANCON'S STATE OF THE PROFESSION

At a recent gathering of accountants, AICPA president Barry Melancon gave a form of state of the accounting profession message. He began by reviewing his accomplishments in his first 200 days in office as against the goals he had established for himself. Most important in his mind was the restructuring of the Institute to be more forward looking and responsive to members and changing times. He believes there is a need for better coordination in everything the AICPA does.

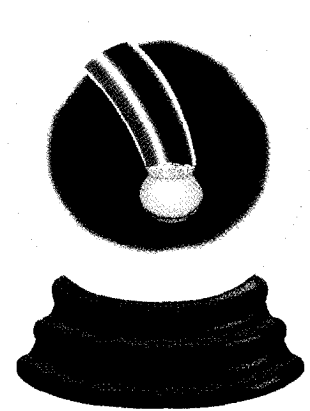
He also made note of a technological reengineering of the AICPA that is underway and the successful launch of the Accountants' Forum on CompuServe. The AICPA will be moving onto the Internet, and Melancon ultimately sees a CPA mall in cyberspace.

He then proceeded to

review the major items and issues facing the profession at the moment. Among the matters he discussed were the following:

Proposed Assembly Service. Melancon indicated that approximately 500 comment letters were received on the proposal by the Accounting and Review Services Committee to amend SSARS to permit the assembly of financial statements for client internal use only. The committee will be meeting in February to consider the comments, which were running approximately 50/50 for and against.

Liability Reform. He expressed the obvious pleasure of the AICPA, state societies, and the Accountants' Coalition over recently passed Federal securities liability reform legislation. Attention will now be turned to the state level where the ravages



of joint and several liability are still felt.

150-hour Educational Requirement. Movement among the states is gaining momentum. He pointed out that New York, as one of the remaining states not to establish such a requirement, is important to the overall success of the program.

Workload Compression. The workload compression

bill had been made a part of the House budget reconciliation act; but in the compromise version with the Senate, it had been dropped because it was not viewed or scored as completely revenue neutral. The bill will now have to move forward on its own, and its success will be dependent on the number of supporters it can garner. It may not be a high priority item in this election year.

American Express Lawsuit. Melancon expressed disappointment with the decision in the American Express Tax and Business Services suit against the Florida State Board of Accountancy. He indicated the Florida Board had decided to appeal and noted, however, that the Board has yet to be successful in any of its appeals to the U.S. Supreme Court.

Federal Tax Reform. The AICPA has received a lot of praise for its publications on the various flat-tax and other forms of income tax reform. It is the AICPA's game plan to objectively present the various issues without taking a position for or against; taking a position against the flat-tax might be considered to be disingenuous.

Regulation of the Profession. Melancon spoke of the work of the AICPA Special Committee on the Regulation and Structure of the Profession. He expressed the view that perhaps some sort of national rather than state-by-state approach would be more effective to regulation.

He closed by saying the biggest mistake the profession could make would be to hold on to what "we are at the expense of what we can and should be." □

AICPA WEIGHS IN ON FLAT TAX DEBATE

With the January 4 publication of *Flat Taxes and Consumption Taxes: A Guide to the Debate* and its accompanying *Executive Summary*, the AICPA has entered the fundamental tax-reform fray. These publications were prepared under the auspices of the AICPA Consumption Taxation Task Force, chaired by Byrle M. Abbin of Arthur Andersen.

The author of both documents is Martin Sullivan, PhD, an adjunct scholar at the American Enterprise Institute, who has served on the staff of the Office of Tax Analysis of the U.S. Treasury Department and the Joint Committee on Taxation.

The *Executive Summary*

is an eight-page overview of the retail sales tax, value-added tax, flat tax, and USA tax proposals, their policy implications, and the impact on various types of taxpayers and businesses. Neither the *Executive Summary* nor the study itself endorses any of the proposals. Instead, they analyze the proposals, discussing plusses and minuses of each.

The study surveys information from 118 sources discussing fundamental tax reform. With nearly 100 tables, charts, and figures, the study's 225 pages constitute a significant contribution to the tax reform debate currently raging in Congress. Tax professionals may want

to read these publications to learn what they need to know to enter the debate themselves and to help their clients understand how fundamental tax reform will impact them.

Copies may be obtained from the AICPA by calling (800) 862-4272. The titles and publication numbers for the documents are *Flat Taxes and Consumption Taxes: A Guide to the Debate* (AICPA Pub. no. 061045) and *Executive Summary: Flat Taxes and Consumption Taxes: A Guide to the Debate* (AICPA Pub. no. 024018). The charge is \$25.50 for AICPA members and \$29.95 for others.

