

Thank you for the opportunity to provide feedback on the Tax Technical Corrections Act of 2006. Please find the enclosed comments on behalf of the Software & Information Industry Association. I will follow-up to ensure that these comments were received and to answer any questions you have. In the meantime, if you would like to discuss, please do not hesitate to contact me directly.

Again, thank you for the opportunity to provide comments.

David LeDuc
Director, Public Policy
Software & Information Industry Association (SIIA)
www.siiia.net

**Software & Information
Industry Association**

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October 31, 2006

The Honorable Charles Grassley
Chairman
Committee on Finance
U.S. Senate
Washington, DC 20510

The Honorable Bill Thomas
Chairman
House Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

RE: Comments on Tax Technical Corrections Act of 2006

Dear Chairmen Thomas and Grassley,

On behalf of the Software & Information Industry Association (SIIA), I appreciate the opportunity to provide feedback on the Tax Technical Corrections Act of 2006. As a representative of many small and medium-sized technology companies, I am concerned about the potential effects of the amendments related to dividends from IC-DISCs, specifically, the amendments to Sec. 302 of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA).

SIIA appreciates the efforts that you have taken in drafting the tax technical corrections legislation to ensure that the effects of Section 302 are not retroactive to the date of enactment of the JGTRRA. However, because a clear, simple reading of JGTRRA could have led many companies to utilize the IC-DISC for obvious reasons, we are concerned that any effective date of Section 302 other than a prospective date would present harmful consequences for many companies utilizing IC-DISCs—consequences that we believe are unintended and unjustified by this legislation.

Companies, in creating an IC-DISC, have a choice about when to structure the commission payment and resulting dividend. Some taxpayers choose to do this monthly, some quarterly, some semi-annually. Many choose to declare the commission and the dividend annually—at the end of the year—to minimize administration and financial charges that result from the transaction. As the amendment to Section 302 is proposed, these companies would be prohibited from engaging in an IC-DISC transaction for calendar year 2006. Effectively, the retroactive nature of this proposed amendment punishes these taxpayers for creating a transaction that was perfectly lawful. Furthermore, the retroactive amendment treats similarly situation taxpayers differently for no other reason than the choice of administrative mechanics, and it does so without notice or a chance to make other decisions before the rules would be amended.

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In light of the unintended consequences of choosing September 29, 2006 as the effective date, I respectfully request that the drafters change the effective date so that all similarly situated taxpayers are treated similarly. Thus, we would urge the drafters to choose tax years beginning after December 31, 2006 as a more equitable effective date.

Sincerely,



Ken Wasch
President

cc: The Honorable Max Baucus, Ranking Member
Senate Committee on Finance

The Honorable Charles Rangel, Ranking Member
House Committee on Ways and Means