

Please note that the comments expressed herein are solely my personal views

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**- Proposed Addendum to the Interagency Policy Statement  
on Income Tax Allocation in a Holding Company Structure**

Dear Robert deV. Frierson.

Thank you for giving us the opportunity to comment on your Proposed joint guidance with request for comment on Proposed Addendum to the Interagency Policy Statement on Income Tax Allocation in a Holding Company Structure.

You are proposing to issue an Addendum (Proposed Addendum) to the Interagency Policy Statement on Income Tax Allocation in a Holding Company Structure<sup>1</sup> to ensure that insured depository institutions (IDIs) in a consolidated group maintain an appropriate relationship regarding the payment of taxes and treatment of tax refunds. The Proposed Addendum would instruct IDIs and their holding companies to review their tax allocation agreements to ensure that the agreements expressly acknowledge that the holding company receives a tax refund from a taxing authority as agent for the IDI and are consistent with certain of the requirements of sections 23A and 23B of the Federal Reserve Act. The Proposed Addendum includes a sample paragraph that IDIs would include in their tax allocation agreements to facilitate the instructions.

I support your Proposed Addendum, which will: clarify and ensure that tax allocation agreements expressly acknowledge an agency relationship rather than a debtor-creditor relationship between a holding company and its subsidiary IDIs; improve transparency and reduce ambiguity and confusion regarding tax allocation agreements' intent; and therefore protect IDIs' ownership rights in tax refunds. In my opinion, the wording of the Proposed Addendum is sufficient and complete in order to clarify and ensure the agency relationship and meet the regulatory objectives, and is therefore practicable and reasonable.

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<sup>1</sup> See 63 FR 64757, November 23, 1998.

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Yours sincerely

C.R.B.

Chris Barnard