

August 31, 2005

The Honorable Charles Grassley
Chairman
Senate Finance Committee
219 Dirksen Office Building
Washington, DC 20510

The Honorable Max Baucus
Ranking Member
Senate Finance Committee
511 Hart Office Building
Washington, DC 20510

The Honorable Bill Thomas
Chairman
House Ways and Means Committee
1102 Longworth Office Building
Washington, DC 20515

The Honorable Charlie Rangel
Ranking Member
House Ways and Means Committee
2354 Rayburn Office Building
Washington, DC 20515

Dear Chairmen Grassley and Thomas and Ranking Members Baucus and Rangel:

On behalf of Accenture and its 120,000 employees, including the 28,000 U.S. employees of Accenture LLP, we thank you for the opportunity to comment on recently introduced legislation, the Tax Technical Corrections Act of 2005, pursuant to your press release of August 8, 2005.

As we have discussed with you and your staff, the “corporate inversion” provisions as passed in the Jobs Creation Act of 2004 are broad in their scope. Accordingly, it could potentially lead to the unintended application of the law to the transactions of a foreign multinational company. Without further guidance or clarification, taxpayers cannot be certain regarding a company’s status under section 7874. Now, more than ever, public companies need certainty. Although we believe that we are not impacted by the statute, we urge Congress to provide a technical correction to provide greater certainty.

It is important to emphasize that Accenture did not engage in an inversion transaction.

- Prior to May 2001, Accenture operated as a series of separate legal entities organized under the laws of more than 40 countries, including the U.S. Accenture, as a multinational enterprise, has never operated under a U.S. parent corporation or partnership.
- In May 2001, Accenture completed the transaction in which the owners of U.S. and non-U.S. businesses each combined the separate locally owned businesses into one global corporate structure.
- In July, 2001, Accenture successfully completed an initial public offering.

August 31, 2005

Chairmen Grassley and Thomas and Ranking Members Baucus and Rangel

Page 2

- Accenture did not engage in an inversion by moving its place of incorporation from the U.S. to Bermuda. The U.S. General Accounting Office (GAO) confirms this. A GAO report in October 2002 did not include Accenture on a list of government contractors that undertook corporate inversions. In media coverage of the report, the GAO's Director of Tax Issues, James White, said: "Since Accenture didn't have a corporate structure to begin with, it didn't have a corporate structure to invert." The GAO report provides a brief history of Accenture's pre-incorporation operation, explaining that Accenture was a series of locally owned partnerships coordinated through a Swiss entity.
- Accenture pays, and has always paid, tax in each of the countries in which we generate income. Accenture LLP pays U.S. tax on income generated by our U.S. operations, and the appropriate entities pay tax on non-U.S. income in the countries in which that income is generated. In fact, Accenture's annual effective tax rate as disclosed in its Securities and Exchange Commission (SEC) filings is high compared to those of most companies. As reported in our most recent 10K, our annual effective tax rate for the fiscal year ending August 31, 2004 was 32%.

Although Accenture did not engage in an inversion transaction, the broad scope of the JOBS Act continues to create uncertainty.

- Along with many other companies and commentators, we have previously expressed our concerns regarding the legislation's broad scope and its potential for misapplication to the various types of restructurings of foreign multinational companies.
- While transactions before March 4, 2003, and internal restructurings are not among the transactions that the legislation was apparently intended to target, a taxpayer cannot be certain given the breadth of the statute.
- The broad reach of the legislation is particularly a concern to taxpayers where the legislation applies to a transaction that was completed before March 4, 2003. As a result, every multinational company must examine past transactions to determine if the legislation applies.
- The consequence to taxpayers of an unclear statute is, for example, as reflected in our most recent 10K filing: "We do not believe this legislation applies to Accenture. However, we are not able to predict with certainty whether the U.S. Internal Revenue Service will challenge our interpretation of the legislation. Nor are we able to predict with certainty the impact of regulations or other interpretations that might be issued related to this legislation. It is possible that certain interpretations could materially increase our tax burden." The consequence of inappropriate or retroactive application is to impose on non-U.S. operating income a U.S. income tax burden that neither the multi-national company nor the investment community could or should have anticipated.

August 31, 2005

Chairmen Grassley and Thomas and Ranking Members Baucus and Rangel

Page 3

We as taxpayers, and our shareholders, need greater certainty. We believe that by clarifying the proper scope of the legislation through technical corrections legislation and guidance, Congress would be providing the greater certainty that is appropriate in today's environment.

We appreciate having the opportunity to provide our views on this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Douglas G. Scrivner". The signature is fluid and cursive, with a long horizontal stroke at the end.

Douglas G. Scrivner, Esq.
General Counsel and Secretary
Accenture