ALLTEL CORPORATION

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Ms. Suzanne Bielstein Director of Major Projects and Technical Activities Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

Re: File Reference No. 1215-001

Dear Ms. Bielstein,

ALLTEL Corporation ("Alltel") appreciates this opportunity to comment on the Proposed Interpretation, Accounting for Uncertain Tax Positions, an interpretation of FASB Statement No. 109 ("Exposure Draft"). Although we support the FASB's efforts to provide guidance on the accounting for uncertain tax positions, we have the following concerns about the Exposure Draft:

- Requiring companies to recognize contingent liabilities related to uncertain tax positions without regard to audit detection risk does not enhance financial reporting because it neither reflects the reality of the income tax audit process nor the expected cash flows related to the payment of income taxes. In addition, by failing to consider audit detection risk, the Expsoure Draft will place a significant administrative burden on companies by substantially increasing the level of documentation necessary to support whether a tax position will or will not be sustainable upon audit.
- The FASB should provide additional guidance in the Exposure Draft clarifying the meaning of the terms "probable", "unambiguous tax law" and "obviously presented in the tax return".
- Accounting upon adoption of the new guidance for uncertain tax positions acquired in a business combination is unclear
 and should be addressed in the Exposure Draft.
- The effective date of the Exposure Draft should be postponed, preferably until the first fiscal year ending after December 15, 2006.

Impact of Audit Detection Risk

Alltel provides wireless, local telephone, long-distance, Internet and high-speed data services to over 15 million residential and business customers in 36 states. As a result, Alltel files income tax returns in 93 state and local jurisdictions in addition to the federal Internal Revenue Service ("IRS"), each of which has different tax laws, regulations and related case law history. At a minimum, requiring a company to review each material tax position taken in each of its jurisdictions and documenting whether those positions are probable of being upheld upon review without taking into consideration audit detection risk represents a level of documentation that far exceeds that maintained by most companies currently. For companies operating in foreign jurisdictions, the level of documentation that would be required by the Exposure Draft is exponentially greater.

In addition, failing to consider audit detection risk does not reflect the realities or the economics of the income tax review process. For some companies, the IRS conducts limited scope audits in which only significant or unusual transactions reported in the federal income tax returns are reviewed in detail. The scope of audits performed by many state and local jurisdictions is often more limited, as those jurisdictions rely on the results of the IRS audit process and focus their review on jurisdiction-specific issues. In addition, if an item is challenged by the taxing authority in an audit, the ultimate amount paid will often reflect a negotiated settlement agreed to by the company and the taxing authority. Therefore, requiring a company to recognize contingent liabilities related to uncertain tax positions for amounts which the company reasonably believes will never be paid subject to a final audit settlement creates unnecessary volatility in a company's reported income tax provision and effective tax rates without corresponding to the expected income tax payments a company will be required to remit to the taxing authorities. Application of the Exposure Draft as written will result in the recognition of excess tax liabilities in one accounting period that will be reversed or derecognized in some future accounting period when the statute of limitations

related to the tax return expires. We do not understand how this accounting treatment provides relevant information to investors and other users of a company's financial statements.

Consequently, we believe that the FASB should reconsider its decision to exclude audit detection risk as a basis for assessing the probability of whether a tax position would be sustained upon completion of an audit. In paragraphs B9 and B10 of the Exposure Draft, the FASB notes that uncertainty of a tax position should be addressed using a recognition threshold, as opposed to incorporating it into a fair value measurement. However, we believe that uncertainty should be evaluated using a fair value approach, i.e., through consideration of relevant information that would be used by a market-place participant, which would include audit detection risk. We believe that ignoring audit detection risk does not result in an accurate evaluation of uncertainty.

Clarification of the Terms "Probable", "Unambiguous Tax Law" and "Obviously Presented in the Tax Return"

Paragraph 9 of the Exposure Draft provides four examples of situations in which a probable recognition threshold has been met for a tax position. In our opinion, three of the four examples do not provide detailed guidance to assess probability because unambiguous tax law, an unqualified "should prevail" tax opinion, and analogous legal precedent (i.e. case law) are clearly representative of situations in which a probable threshold standard would be met, and accordingly, would result in the tax position being sustained upon audit by the taxing authority. Therefore, we request that the FASB provide additional examples of criteria that should be assessed in determining whether a probable threshold has been met. In addition, we believe that additional guidance clarifying "unambiguous tax law" is necessary to address those instances in which case law may vary among taxing jurisdictions or the application of the law is subjective in nature (e.g., the correct recovery period for emerging technologies). Furthermore, the Exposure Draft should provide guidance as to whether the probable threshold has been met if a company obtains a "more than likely" tax opinion related to a specific tax position. Clarification of these issues will provide more useful guidance when determining whether a tax position is probable of being upheld.

The Exposure Draft should also provide additional clarification of the term "obviously presented in the tax return" that is discussed in the third criterion in paragraph 9. What level of disclosure in a tax return is needed to be considered "obviously presented"? The guidance in the third criterion should also be expanded to discuss what factors a company should consider in determining whether a similar position taken in a prior year return has been either accepted or not disallowed or challenged by the taxing authorities during an examination. For example, can the type of audit examination (i.e., limited scope), prior audit history, or industry knowledge of how similar tax positions have been treated by taxing authorities be considered in assessing probability under this criterion? If a taxing authority declines to review a position, does that adequately signify acceptance of the appropriateness of that position? Answers to these questions would provide more useful guidance in evaluating whether a tax position is probable. We suggest that if the FASB chooses not to allow consideration of audit detection risk in the determination of uncertainty, as recommended above, the FASB should consider further clarifying how similar positions taken in prior years interact with the concept of audit detection risk and therefore provide evidence that a position is probable of being upheld in the future.

Uncertain Tax Positions Acquired in Business Combinations

While the guidance in the Exposure Draft as it relates to uncertain tax positions acquired in business combinations consummated subsequent to adoption is clear, we are uncertain how to apply the adoption provisions to previous business combinations. Emerging Issues Task Force ("EITF") Issue No. 93-7, Uncertainties Related to Income Taxes in a Purchase Business Combination, requires that subsequent revisions to uncertain tax positions acquired in a business combination be recognized as a change in goodwill. However, the transition provisions of the Exposure Draft require companies to recognize the effects of adopting the new guidance as a cumulative effect of change in accounting principle. As a result, it is unclear whether the guidance in EITF Issue No. 93-7 should be followed for applicable liabilities recognized at adoption, with a resulting change in the balance of reported goodwill, or whether all uncertain tax positions existing at the date of adoption are to be considered related to the combined entity, with any resulting liability recognized solely as a cumulative effect as required by the Exposure Draft. We would appreciate clarification of this issue in the final document issued by the FASB.

Clarification of the Disclosure Requirements

Currently, the Exposure Draft becomes effective for fiscal years ending after December 15, 2005. However, because the comment period does not end until September 12, 2005, calendar year companies will have at most three months in which to apply its provisions prior to the effective date. During that same three month period, public companies will also be working diligently to finalize their adoption of another recently issued standard, SFAS No. 123 (revised 2004), Share-Based Payment. In particular, most companies' tax departments are currently working to identify the excess tax benefits or deficiencies related to previously issued stock options pursuant to the guidance in SFAS No. 123(R) prior to year-end. Given the complexity of the Exposure Draft and the significant resource demands related to SFAS No. 123(R), we strongly encourage the FASB to consider delaying the effective date of the Exposure Draft, preferably until fiscal years ending after December 15, 2006, to allow companies sufficient time to adequately evaluate and apply its provisions.

In conclusion, we believe that the FASB should reconsider its decision to disregard audit detection risk when determining whether a tax position is probable of being upheld. In addition, we request that the FASB provide additional guidance about when the probable threshold is met, and about how to apply the adoption provisions in the Exposure Draft to uncertain tax positions acquired in previous business combinations. Finally, we strongly suggest that the FASB delay the effective date until fiscal years ending after December 15, 2006. We appreciate your consideration of our comments.

Sincerely,

/s/ Sharilyn S. Gasaway Sharilyn S. Gasaway Controller