



## CITGO Petroleum Corporation

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January 4, 2007

Mr. Robert H. Herz  
Chairman, Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116



LETTER OF COMMENT NO. 23

Dear Chairman Herz:

On behalf of CITGO Petroleum Corporation, we strongly urge the Financial Accounting Standards Board to delay the effective date of FIN 48 on *Accounting for Uncertainty in Income Taxes* to allow companies sufficient time to address the substantive, procedural and documentation challenges posed by the new interpretation. Specifically, we recommend that the effective date of FIN 48 be deferred to fiscal years beginning after December 15, 2007.

The five month period between the July 13, 2006 release date and the December 15, 2006 effective date is regrettably not a sufficient amount of time to allow companies to orderly and adequately analyze the new rules, obtain tax advice concerning questions about implementing FIN 48, and develop, adapt, and test systems and processes to ensure compliance. Please note that during this five month window since the release of FIN 48, most calendar year corporations were in the midst of their busiest time of year preparing and finalizing their corporate federal and state income tax returns (many of which were filed electronically for the first time) and shortly thereafter were faced with the issuance of third quarter financial statements and related disclosures.

FIN 48 alters the financial statement treatment of accounting for uncertainty regarding income tax positions by shifting the focus from the contingent liability approach of FAS 5 to an analysis of whether each and every tax position is supported at a more likely than not level of confidence. As a result, financial statement issuers must analyze their entire inventory of tax positions, claimed and unclaimed, in every jurisdiction, for every taxing authority, and for every open tax year in order to understand and document the company's position at the effective date. This is a very burdensome and time consuming task. These and many other challenges of implementing FIN 48 were articulated very well by Tax Executives Institute in a letter it sent you on December 12, 2006.

In summary, extending the deadline for implementing FIN 48 will permit companies and their independent auditors to orderly implement FIN 48, to resolve the myriad of unanswered questions, and thus reduce the likelihood of diversity in practice, which in part prompted the development of FIN 48 in the first instance

Respectfully,

A handwritten signature in black ink that reads "Marshall Q. Buzan, Jr.".

Marshall Q. Buzan, Jr.  
General Manager, Tax  
CITGO Petroleum Corporation