



6415 Idlewild Road
Suite 109
Charlotte, NC 28212
Phone: (704) 566-2400
Fax: (704) 536-4665



LETTER OF COMMENT NO. 93

January 8, 2007

Mr. Robert H. Herz
Chairman, Financial Accounting Standards Board
401 Merritt 7
Norwalk, Connecticut 06856

Dear Chairman Herz:

On behalf of Sonic Automotive, Inc., I 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 this new interpretation. Specifically, I recommend that the effective date of FIN 48 be deferred to fiscal years beginning after December 15, 2007. The challenges of implementing FIN 48 were articulated by Tax Executives Institute in a letter it sent to you on December 12, 2006.

Our Company, on a December 31st year, has a limited amount of resources in the Tax area, and we were focused on preparation and filing of tax returns through October 15, 2006. Further, we, like so many other companies, have multiple, conflicting priorities. For example, we are changing to different tax provision software for the December 31, 2006 year-end, and we are in the midst of that implementation as well as 2005 tax provision true-ups. At the same time, we are working with our Financial Reporting personnel to implement FIN 48. We also need to prepare our 2006 tax provision. All of these things conflict with our need to work on the FIN 48 process. As you can see, we definitely need a delay in the effective date of FIN 48.

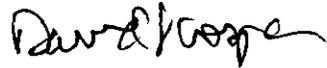
One other point I would like to make is that Tax Departments in companies tend to be small in most, if not all, public companies. Yet the burden of FIN 48 falls almost completely on the Tax Department because other Financial Reporting and Accounting personnel are not familiar with tax positions and especially with whether a tax position is certain or uncertain. Therefore, the burden of incremental FIN 48 work falls solely to them. Unfortunately, we believe we will have to outsource some of this FIN 48 work just to meet the deadline. We don't think that the FASB intended for companies to have to incur this kind of additional cost to implement FIN 48, but we do not see an alternative at this time.

In summary, extending the deadline for implementing FIN 48 will permit companies and their independent auditors to resolve unanswered questions and thus reduce the



likelihood of diversity in practice, which in part prompted the development of FIN 48 in the first instance. If you would like to discuss our comments further or if you need additional information, please call Joe O'Connor at 704-566-2412. Thank you.

Sincerely yours,

A handwritten signature in black ink, appearing to read "David P. Cospers". The signature is fluid and cursive, with the first name "David" being the most prominent.

David P. Cospers
Chief Financial Officer

cc: Greg Young
Joe O'Connor