Corporate Finance
Pfizer Inc.
235 East 42nd Street
New York, NY 10017-5755

January 15, 2007

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LETTER OF COMMENT NO. 319

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

Subject: FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109*

Dear Chairman Herz:

Pfizer Inc. is a research-based, global pharmaceutical company. We discover, develop, manufacture and market leading prescription medicines for humans and animals. In 2005, we reported revenues of $51 billion and total assets of $117 billion.

On behalf of Pfizer, we respectfully request a delay in the effective date of FIN 48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109* (FIN 48) to fiscal years beginning after December 15, 2007. The adoption of FIN 48 is a significant undertaking for many companies and we are concerned that the short implementation window may increase restatement risk; we fear that there hasn't been sufficient time to ensure that all implementation issues have been identified and resolved in a uniform manner by both preparers and auditors. For the reasons expressed in the attachment, we believe that a delay in the effective date will serve the broad public interest by increasing the reliability and comparability of the post-adoption financial statements.

/s/ Loretta Cangialosi
Vice President and Controller

/s/ Phil Kerstein
Vice President - Taxes

Request for Delayed Implementation of FIN 48

- Complexity

  For companies that currently employ a contingent liability approach to evaluating uncertain tax positions, the FIN 48 asset recognition model represents a significant change in methodology; for companies that currently use an asset recognition model, like Pfizer, the FIN 48 threshold of "more likely than not" represents a significant change in estimation approach. Both sets of preparers are faced with a challenging undertaking. This is particularly an issue for global companies operating in multiple jurisdictions.

  From an asset recognition model perspective, identifying, assessing and documenting those uncertain tax positions that are "51% likely" versus "49% likely" requires a significantly different level of effort than the effort required to determine that an uncertain tax position is "probable" or "not probable." With this lower threshold, there are simply more tax positions that have to be identified, assessed and documented — in every jurisdiction, for every taxing authority, for every open tax year — on a consistent basis. As you can appreciate, simply understanding how each tax regulator in each country may arrive at various conclusions and the impact their methods may have can be quite challenging for preparers. Imagine trying to make judgments as to what tax authorities would do assuming they had all management's assumptions, evidence and interpretations of law in coming to a more likely than not assessment. In performing these tasks, companies will need to consider recognition and measurement, unit of account and financial reporting issues. Also, in order to ensure consistent application, companies will need to educate tax and other finance personnel around the world. Given the significance of the tax accounts; internal control processes will have to be revised, documented and tested.

  FIN 48 may also require significant re-documentation efforts by companies. Management will also have to document its judgments relating to financial statement classification and disclosure. Lastly, before completing the implementation of FIN 48, companies must also review the financial statement impacts and disclosures with management as well as their outside auditors.

  The complexity inherent in the interpretation demands that sufficient time be made available for companies and their auditors to properly vet the many issues that arise during the implementation of this new standard. When adequate time is not provided there is increased risk that significant issues will be discovered after the implementation period that may require the FASB to issue revised or additional guidance. It is also noteworthy that some of the large accounting firms continue to currently issue implementation guidance re: FIN 48, over six months after the completion of the standard!

- Diversity in Practice

  As stated in the final standard, the reason that the FASB issued FIN 48 was to reduce diversity in practice as all tax positions accounted for in accordance with Statement 109 will be evaluated for recognition, derecognition, and measurement using consistent criteria. For many of the reasons cited above in the complexity section, we believe that a delayed effective date could increase the likelihood of the FASB's goal being achieved.

- Demands on Limited Resources

  The short implementation window for FIN 48 places significant demands on limited resources; resources that require specialized knowledge of the company and its tax positions and that cannot be "backfilled" with consultants or temporary help. We observe that the implementation period permitted by FIN 48 coincides with the period in which the tax personnel of most preparer companies is also preparing the company's tax returns for filing with taxing authorities, finalizing the company's tax provision for the year, identifying tax planning strategies to support the company's operating plan process, and supporting annual report preparation process. We offer the above observation only to re-iterate our concern that the effective date of FIN 48 may increase restatement risk.

  Although the FASB's primary concern is not the resource demands of preparers and auditors, we know that the FASB is rightfully sensitive to these issues.

Based on the above and reasons cited by other FASB constituents, we believe that a delay in the effective date will serve the broad public interest by increasing the reliability and comparability of the post-adoption financial statements.