

Dillard's, Inc.

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LETTER OF COMMENT NO. 320

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January 15, 2007

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

Dear Chairman Herz:

Dillard's, Inc. respectfully request your serious consideration to delay the effective date of FIN 48 on Accounting for Uncertainty in Income Taxes. Additional time is needed to adequately modify our current procedures for analyzing contingent tax liabilities to meet the broad and rigorous requirements of FIN 48.

FIN 48 will require us to analyze tax positions taken for every open tax year in every jurisdiction in order to recognize and measure the financial statement impact as of the effective date. Dillard's operates in 29 states and files approximately 175 returns annually. We currently have ten open tax years. The analysis of these tax positions will be very burdensome and will require a review of each filed return accompanied by a review of each jurisdiction's published guidance. As you are aware, there have been many changes over the last ten years in the laws and regulations of both the federal and state governments, therefore, not only will the analysis vary by jurisdiction, it will also vary by year. In addition to the analysis discussed above, we are required to adequately document the process, as well as the findings, to enable our independent auditor to assess the adequacy of our evaluation and judgment in determining any uncertain tax positions.

Dillard's is also concerned about consistent application and proper compliance with FIN 48 in areas where the guidance is unclear or subject to varying interpretations. We believe a delay in implementation will allow us to clarify these areas either by receiving additional guidance from discussion with the FASB as well as detailed discussions with other industry associations and similarly situated public companies.

Based on the information discussed above, a 12 month delay is reasonably justified and would allow Dillard's to more adequately prepare for the implementation of FIN 48. The delay in implementation would allow the accounting community to better achieve the FASB's original goals of consistency and clarity in tax accounting disclosure and analysis.

Dillard's appreciates your consideration of the above information. If you have any questions, concerns or need additional information about our comments, please do not hesitate to contact me.

Sincerely,

Phillip R. Watts, CPA
Vice President of Tax