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January 9, 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. 232

Re: Proposal to delay effective date of FIN 48

Dear Chairman Herz:

On behalf of Big Lots 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 due diligence time to properly interpret and address the substantive, procedural, and documentation challenges posed by the 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's operations are located in 47 states and hundreds of local jurisdictions imposing income taxes. We therefore incur thousands of tax positions annually.

In the process of implementing this new standard and in addition to the questions posed in Tax Executives Institute's letter, we have encountered unique challenges and unanswered questions – specifically:

- *Lack of comprehensive integrated software solutions in the current marketplace.* Currently available software only tracks the uncertain tax position and does not contain jurisdictional income tax and interest rates. Current income tax accounting systems are in the process of undergoing significant modifications as a result of FIN 48. These modifications are being designed particularly to take into account, along with other items, the change in classification and disclosures as a result of FIN 48. Of concern is that, absent a delay, reliance on manual subsystems in order to meet the deadline creates significant risks of inadvertent noncompliance and diversity in practice.
- *FIN 48 is arguably the most pervasive change to income tax accounting in a decade,* and as such the controls testing required for any new software implemented, and the Sarbanes-Oxley 404 controls changes and related controls testing, requires an appropriate amount of time to set up systems and controls related thereto.

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- *Evaluation of the impact of federal interest netting on underpayments and overpayments of federal income tax.* Uncertainty exists in the appropriate interest computations required, particularly the complexity and cost of interest netting rules.
- *Documentation of all income tax positions.* As stated in the December 12, Tax Executives Institute correspondence, FIN 48 requires financial statement issuers to revisit nearly every tax position in every open year. Documenting this is proving to be a monumental task and some believe that failure to document would preclude the recording of a tax benefit. SEC Deputy Chief Accountant Scott Traub, speaking on his own behalf, recently stated that "FIN 48 doesn't require a significant amount of documentation or analysis to support obvious tax positions." Questions exist with respect to what are "obvious tax positions", and how does this impact the FIN 48 Scope principles of "all income tax positions"? This conflicting information is likely to lead to diversity in practice.
- *FIN 48 par 21(d) and 21(e) uncertainty.* There is a lack of certainty in regards to paragraph 21(e) definition of the term "major". Inconsistent interpretation of this term could lead to uncertainty and to diversity in practice. There is also significant uncertainty and inconsistency around the effect of timing of examinations and appeals processes. How should issuers evaluate these for purposes of the new disclosures?
- *Uncertainties that are timing in nature.* There appears to be an inconsistency in the language of the statement, and other guidance with respect to uncertainties that relate only to timing. Are these uncertainties considered to have satisfied the recognition threshold (compare paragraph A10 to A26 through A30)?

The implementation came on the heels of unprecedented tax compliance demands including FAS 123R, federal income tax e-filing, 2nd phase of federal form M-3, major reform of Texas and Ohio income taxes, federal Section 199 (for others) -- to name a few. The compression, coupled with additional compliance demands, means companies will in many cases have to look externally for resources -- which of course increases costs dramatically and increases the risk of error because the people performing the work may not have complete knowledge of the Company's tax positions.

In summary, extending the deadline for implementing FIN 48 will permit companies and their independent auditors to perform the due diligence necessary to resolve the many unanswered questions, and better utilize technology and internal resources to effectively assist the implementation and thus reduce the likelihood of diversity in practice, which in part prompted the development of FIN 48 in the first instance. We thank you for the opportunity to comment on the Interpretation.

Respectfully,



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