

SUPPORTING STATEMENT
(IRS Form 1120-A)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 6012(a)(2) of the Internal Revenue Code requires that every domestic corporation file an income tax return.

Form 1120-A has been developed for small corporations that file returns less complicated than most corporations that use Form 1120. For example, a corporation that files Form 1120-A may not be a member of a controlled group of corporations and may have no refundable tax credits other than the general business credit and the credit for prior year minimum tax. These limitations make Form 1120-A a simpler form to complete.

2. USE OF DATA

Form 1120-A gives the IRS information necessary to determine whether the corporation has correctly computed its income tax liability.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We have no plans to offer electronic filing at this time.

4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

Not applicable.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

Not applicable.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

Not applicable.

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding Form 1120-A.

In response to the Federal Register notice dated March 31, 2006 (71 FR 16418), we received no comments during the comment period regarding Form 1120-A.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 USC 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The burden estimate is as follows:

	<u>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
Form 1120-A	191,769	96.66	19,010,061
Form 1120-A/Part III	37,986	13.57	515,471
Form 1120A/Part IV	<u>32,691</u>	3.08	<u>100,689</u>
	262,446		19,626,221

Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time.

The following is a related regulation which imposes no

additional burden. Please continue to assign OMB number 1545-0890 to this regulation.

1.6012-2(a)(3)

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice dated March 31, 2006 (71 FR 16418), requested public comments on estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. However, we did not receive any response from taxpayers on this subject. As a result, estimates of the cost burdens are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The primary cost to the government consists of the cost of printing this form. We estimate that the cost of printing the form is \$45,814.

15. REASONS FOR CHANGE IN BURDEN

We added a net total of 2 line items to the form. One line was added for the domestic production activities deduction. The other is a checkbox for the new Form 8902. This results in a net program change increase of 91,949 burden hours.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

13. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

See attachment.

14. EXCEPTIONS TO THE CERTIFICATION STATEMENT ON OMB FORM 83-I

Not applicable.

Note: The following paragraph applies to all of the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.