

SUPPORTING STATEMENT
REG-103805-99

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The collection of information is necessary in order for a terminating common parent of a consolidated group to designate a substitute agent for the group and receive the approval of the Commissioner, or for a default substitute agent to notify the Commissioner that it is the default substitute agent.

2. USE OF DATA

The information will notify the Commissioner that the group's terminating common parent has designated a substitute agent to act for the group or that the terminated common parent's successor is a default substitute agent. The Commissioner will use the information to determine whether to approve the designation of the substitute agent (if approval is required) and to change official records to reflect the information about the substitute agent.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS Publications, Regulations, Notices and Letters are to be electronically enabled on an as practicable basis in accordance with the IRS Reform and Restructuring Act of 1998.

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

A notice of disagreement was published in the **Federal Register** on September 26, 2000 (65 FR 57755). No public hearing was requested or held. A final regulation was published in the **Federal Register** on December 19, 2002 (67 FR 77678).

We received no comments during the comment period in response to the **Federal Register** notice dated May 23, 2006 (71 FR 36169).

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

§1.1502-77(d): Before going out of existence, the group's common parent is required to notify the Commissioner and designate another corporation to be the group's substitute agent pursuant to §1.1502-77(d)(1). If the common parent does not designate a substitute agent but its successor qualifies as a default substitute agent under §1.1502-77(d)(2), the successor must notify the Commissioner that it is the default substitute agent. In addition, the designated or default substitute agent should include a signed statement indicating its agreement to serve as the group's agent. If the designated or default substitute agent is the successor of the common parent or another member of the group, a signed statement from the successor that it is liable for the consolidated tax is also required. It is estimated the above requirements will affect 100 respondents per year, with a burden of approximately 2 hours per respondent, for an annual burden of 200 hours.

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

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register** notice dated May 23, 2006 (71 FR 36169), 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

Not applicable.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. We are making this submission to renew the OMB approval.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the regulations sunset as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

18. 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.