

**SUPPORTING STATEMENT
(Form 8582-CR)**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 469 limits passive activity credits that a taxpayer may use to offset tax. Passive activity credits are allowed only to the extent of the tax attributable to net passive income plus the tax attributable to the \$25,000 allowance for rental real estate reduced by any amount allowable under the passive activity loss rules, and 10% of any remaining passive activity credits if the activity was acquired before 10-23-86. Form 8582-CR is used to figure the passive activity credit allowed and the actual credits to be reported on the tax return.

2. USE OF DATA

The IRS uses Form 8582-CR to verify the credit allowed under the passive activity rules.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are currently offering electronic filing on Form 8582-CR.

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 8582-CR.

In response to the **Federal Register Notice** (71 FR 47324), dated August 16, 2006, we received no comments during the comment period regarding Form 8582-CR.

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

| | <u>Number of Response</u> | <u>Time per Responses Total hours</u> |
|-------------------|---------------------------|---------------------------------------|
| Form 8582-CR Pt I | 300,000 | 2.95 885,000 |
| | | II |
| | | 150,000 |
| | | 1.51 |
| | | 226,500 |
| | | III |

| | | | | | |
|---------------|--------|----|---------|---------|---------|
| | | | | 150,000 | |
| | | | | 1.39 | |
| | | | | 208,500 | |
| | | IV | 30,000 | | 1.07 |
| | | | | 32,100 | |
| | | V | 300,000 | | .36 |
| | | | | 108,000 | |
| | | VI | 75,000 | .44 | 33,000 |
| Worksheet | | 1 | 150,000 | 1.09 | |
| | | | 163,500 | | |
| | | 2 | 150,000 | 1.09 | |
| 163,500 | | | | | |
| | | 3 | 30,000 | 1.08 | 32,400 |
| | | | | | |
| | | 4 | 150,000 | 1.08 | |
| 162,000 | | | | | |
| | | 5 | 150,000 | .57 | |
| | 85,500 | | | | |
| | | | | | 6 |
| | | | | .57 | 150,000 |
| | | | | | 85,500 |
| | | 7 | 30,000 | .57 | |
| | 17,100 | | | | |
| | | 8 | 150,000 | .61 | |
| | 91,500 | | | | |
| | | 9 | 150,000 | .51 | — |
| <u>76,500</u> | | | | | |
| 2,370,600 | | | | | |

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

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register** Notice dated August 16, 2006, 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 responses from taxpayers on this subject. As a result, estimates of these 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 the form. We estimate that the cost of printing the form is \$45,000.

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

See attachment.

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.

