

**SUPPORTING STATEMENT  
RP-155431-05**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The collection of information the revenue procedure requires is necessary to administer the provisions of section 6707(c) and 6707A(d) and determine whether the IRS should rescind penalties otherwise applicable.

2. USE OF DATA

The IRS will use the information in determining whether to rescind the section 6707 or section 6707A penalty.

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

We will publish a notice in the Federal Register in the near future to solicit public comments on this revenue procedure.

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

Rev. Proc. 2006-XX: To comply with Revenue Procedure 2005-XX, a person must request rescission in writing within a certain period of time. The written request for rescission must include all of the information specified. It is estimated that the above requirements will affect 859 taxpayers per year, with a burden of approximately 0.25 to 0.75 hour per respondent, with an average of 0.5 hour, for an annual burden of 429.50 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

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Not applicable.

15. REASONS FOR CHANGE IN BURDEN

Not applicable.

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.

**REASON FOR EMERGENCY**

The publication of this revenue procedure sets forth new guidance for persons on whom a penalty under section 6707A or 6707 of the Internal Revenue Code is assessed, and who may request rescission of those penalties from the Commissioner if the violation is with respect to a reportable transaction other than a listed transaction. It is necessary to alert taxpayers as soon as possible to these procedures because section 6707A is effective for returns and statements the due date for which is after October 22, 2004 and, section 6707, as amended, is effective for returns the due date for which is after October 22, 2004; thus, these code sections are already effective and taxpayers need guidance on rescission before the Service may assess the penalty under section 6707A or 6707.