

SUPPORTING STATEMENT
Notice 97-66

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Notice 97-66 requires collections of information in two circumstances. First, the Notice provides a method for fulfilling the statement requirement of 26 U.S.C. §871(h) (5). In addition the Notice provides an available election to defer the applicability of the final securities lending regulations, TD 8735, 52 FR 53498, October 14, 1997, to substitute payments made after December 31, 1997.

2. USE OF DATA

The information collected by payors of substitute interest payments will be used to fulfill the statement requirement of substitute interest payments which constitute portfolio interest. The election to defer applicability of the final regulations will be used by the IRS in its administration of the Internal Revenue Code.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The election to defer the effective date of the Notice and the final securities lending regulations does not involve the use of automated, electronic, or other technological collection techniques. The collection of information in Section 2 of the Notice will entitle respondents to use available electronic means of communicating the statement requirement of 26 U.S.C. 871(h)(5) such as computer E-Mail, fax machines or telephones.

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**

Notice 97-66 was published in the **Internal Revenue Bulletin** on December 1, 1997 (1997-48 IRB 8).

In response to the Federal Register Notice dated October 20, 2006 (71 F. R. 62046), we received no comments during the comment period regarding Notice 97-66.

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**

Section 2 of Notice 97-66 requires payees to provide information to a withholding agent to allow the withholding agent to determine that the payee is not a U.S. person. The collection of information required by Section 2 of Notice 97-66 is estimated to be 60,000 hours with an annual estimated burden to each respondent of approximately 10 minutes. The estimated number of respondents is 360,000.

Section 6 of Notice 97-66 requires withholding agents to file a statement in order to defer the effective date of final regulations relating to the source and character of substitute interest and substitute dividend payments. The

collection of information required by Section 6 of Notice 97-66 is estimated to be 1,750 hours with an annual estimated burden to each respondent of 6 minutes. The estimated number of respondents is 17,500. 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 October 20, 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 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 Notice sunsets 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.