



Internal Revenue Service

JD

MEMORANDUM

**Date:** March 9, 2006

**OMB NO. 1545-0043**

**To: Michael Robinson,  
IT Policy and Management Office**

**From: Glenn P. Kirkland  
IRS Reports Clearance Officer SE:W:CAR:MP:T:T:SP**

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**Subject: IRS Submission for OMB Review**

Attached is a submission for: Form 972.

Approval is needed by: March 10, 2006.

Received by \_\_\_\_\_ on \_\_\_/\_\_\_/\_\_\_.

Date sent to OMB \_\_\_/\_\_\_/\_\_\_.

**Please sign the duplicate copy of this memo and return to us.**

**EMERGENCY SUBMISSION**

**PAPERWORK REDUCTION ACT  
CHANGE WORKSHEET**

Agency/Subagency <b>Department of the Treasury Internal Revenue Service</b>		OMB Control Number <b>1 5 4 5 - 0043</b>
<i>Enter only items that change</i>		
	<b>Current Record</b>	<b>New Record</b>
Agency form number(s) <b>972</b>		
Annual reporting and recordkeeping hour burden		
Number of respondents		
Total annual responses	400	100
Percent of these responses collected electronically	%	%
Total annual hours	<b>368</b>	<b>385</b>
Difference		+ 17
Explanation of difference		
Program change		
Adjustment		+ 17
Annual reporting and recordkeeping cost burden (in thousands of dollars)		
Total annualized Capital/Startup costs		
Total annual costs (O&M)		
Total annualized cost requested		
Difference		
Explanation of difference		
Program change		
Adjustment		
Other Change** <i>See illd 3/9/06</i>		
Signature of Senior Official or designee:	Date:	For OIRA Use
		_____ _____

\*\*This form cannot be used to extend an expiration date.  
OMB 83-C

## Form 972 Change Worksheet

There were no major changes to the form.

As a result of the new -0074 burden methodology, Form 972 has become a dual-use form. Individual taxpayer burden now be computed under the new -0074 methodology.

Business filers of Form 972 are now being computed under the Business forms computation method of the Author D. Little burden methodology.

*for*  
 M. Finnegan  
 E. Vann

TLS, have you transmitted all R text files for this cycle update?

**1**  
**I.R.S. SPECIFICATIONS TO BE REMOVED BEFORE PRINTING**  
 INSTRUCTIONS TO PRINTERS  
 FORM 972, PAGE 1 of 2  
 MARGINS, TOP 13mm (1/2"), CENTER SIDES. PRINTS: HEAD to HEAD  
 PAPER: WHITE WRITING, SUB. 20. INK: BLACK  
 FLAT SIZE: 216mm (8 1/2") x 279mm (11")  
 REPEAT: NONE  
**DO NOT PRINT — DO NOT PRINT — DO NOT PRINT — DO NOT PRINT**

Action	Date	Signature
O.K. to print		
Revised proofs requested	3/27/06	<i>[Signature]</i>

*[Stamp]*  
 3/27/06

Form **972**  
 (Rev. February 2006)

**Consent of Shareholder To Include Specific Amount in Gross Income (Under Section 565 of the Internal Revenue Code)**

OMB No 1545-0043

Department of the Treasury  
 Internal Revenue Service

[Send this form to the corporation claiming the deduction for consent dividends. See instructions.]

Name of shareholder: \_\_\_\_\_ Identifying number (see instructions): \_\_\_\_\_

Number, street and room or suite no. (if a P.O. box, see instructions.): \_\_\_\_\_

City, state, and ZIP code: \_\_\_\_\_

**1** The shareholder named above agrees to include \$ \_\_\_\_\_ in gross income on its tax return for the tax year beginning \_\_\_\_\_ and ending \_\_\_\_\_. This amount is treated as a taxable dividend to the shareholder on the stock of the \_\_\_\_\_.

*12/31/05*  
*12/31/06*  
 Note: If the amount to be included in gross income (on line 1, above) is different than the total shown on line 4, Schedule A, attach a statement to Form 972 explaining the reason and authority for the discrepancy.

**Schedule A Statement of Shares in Each Class of Stock Owned by the Shareholder on the Last Day of the Corporation's Tax Year**

**2** Enter the last day of the corporation's tax year ► \_\_\_\_\_

Consent is given to include a specific amount in gross income based on the shares of stock owned on the last day of the corporation's tax year as shown below

Class of stock	Number of shares	Certificate numbers	Amount of consent distribution allocable to each class of stock owned
<b>3</b> _____			\$ _____

**4** Total consent distribution ► \$ \_\_\_\_\_

Under penalties of perjury, I declare that I have examined this consent, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Consenting shareholder ► \_\_\_\_\_ Signature \_\_\_\_\_

Title ► \_\_\_\_\_ Date ► \_\_\_\_\_

**I.R.S. SPECIFICATIONS TO BE REMOVED BEFORE PRINTING**  
INSTRUCTIONS TO PRINTERS  
FORM 972, PAGE 2 of 2  
MARGINS: TOP 13mm (0.5"), CENTER SIDES PRINTS HEAD TO HEAD  
PAPER: WHITE WRITING, SUB 20 INK: BLACK  
FLAT SIZE: 216mm (8.5") x 279mm (11")  
PERFORATE (NONE)  
**DO NOT PRINT — DO NOT PRINT — DO NOT PRINT — DO NOT PRINT**

**General Instructions**

**Purpose of form.** Form 972 is used by a shareholder who agrees to report a consent dividend as taxable income in the form of a dividend on the shareholder's own tax return even though the shareholder receives no actual cash distribution of the consented amounts. A dividend is a consent dividend only if it would have been included in the shareholder's gross income if it was actually paid. If the shareholder agrees to treat the dividend as taxable, the corporation may be able to claim a consent dividend deduction on its income tax return. Also, the shareholder increases its basis in the stock of that corporation in the amount of the consent dividend for which the shareholder is taxed.

**Who may file.** A shareholder who agrees to treat the consent dividend as a taxable dividend must complete and send Form 972 to the corporation that will claim the consent dividend as a deduction.

**When and where to file.** Send the completed Form 972 to the corporation by the due date of the corporation's tax return for the tax year the corporation will claim the consent dividends as a deduction.

The corporation must attach Form 973, Corporation Claim for Deduction for Consent Dividends, and a copy of each completed Form 972 to its income tax return.

**Note.** The shareholder must report the consent dividend as a taxable dividend in the same tax year the corporation will claim the consent

dividend deduction. For example, the corporation has a fiscal tax year that begins on July 1, 2005, and ends June 30, 2006. In November 2005, a calendar year shareholder agrees to a consent dividend and sends a completed Form 972 to the corporation. The corporation claims the consent dividend deduction on its tax return for the fiscal year ending June 30, 2006. The shareholder reports the consent dividend as a taxable dividend on its tax return filed for the calendar year ending December 31, 2006.

**Identifying number.** Individuals enter their social security number. All others enter their employer identification number.

**Address.** Include the room, suite, or other unit number after the street address. If the Post Office does not deliver mail to the street address and the shareholder has a P.O. box, show the box number instead of the street address.

**Signature.** Form 972 must be signed by the shareholder. If the shareholder is a partnership, one of the partners must sign. If the shareholder is an estate or trust, the fiduciary or officer representing the estate or trust must sign. For a corporate shareholder, the president, vice president, treasurer, assistant treasurer, chief accounting officer, or other authorized officer (such as tax officer) must sign the consent.

The shareholder's attorney or agent may sign this consent if he or she is specifically authorized by a power of attorney which, if not previously filed, must accompany Form 972.

**Paperwork Reduction Act Notice**

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping . . . . . 13 min.
- Learning about the law or the form . . . . . 4 min.
- Preparing the form . . . . . 14 min
- Copying, assembling, and sending the form to the IRS . . . . . 31 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:T:SP; 1111 Constitution Ave., NW, IR-6406, Washington, DC 20224.

Do not send the tax form to this office. Instead, see When and where to file on this page.

MP:

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**Burden Computation - Business Forms**

March 9, 2006

Page 1 of 1

**Product:** 972/Consent of Shareholder to Incl

**Description:**

Variables	Changes (+ -)	2006
Responses.....	+100	100
Line Items.....	+15	15
Attachments.....		0.00
Forms Prepared..	+0.85	0.85
Code References.	+1	1

**Computation of Changes**

Old Computation (Prog. Change)	_____	x	_____	=	_____
New Computation.....	100	x	3.85	=	385
Balance...					
Old Computation (Adjustment).	400	x	.92	=	368
New Computation.....	100	x		=	
Balance...					
Old Computation.....	400	x	.92	=	368
New Computation.....	100	x	3.85	=	385
Balance...					+ 17

**Summary**

Old Burden.....	368
Program Change.....	+17
Adjustment.....	
New Burden.....	385

**Paperwork Reduction Act Notice**

Time Per Response	Average Hours Per Response	Average Time Per Response
<b>3.85</b>		
Recordkeeping.....	3.59	3 hrs. , 35 min.
Learning.....	0.10	0 hrs. , 06 min.
Preparing.....	0.16	0 hrs. , 09 min.
Sending.....	0.00	0 hrs. , 00 min.

**Notes:**

Total responses was decreased by 300 as a result of this form becoming a "dual-use" form. Individual burden will now be computed under new -0074 methodology. Code ref count increases to 1. Line count increases to 15.