

Supporting Statement

1. **CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

The collection of information described in section 5 of the proposed revenue procedure is necessary to support the requested change in method of accounting and to compute the adjustment required under § 481(a) to effect the change.

2. **USE OF DATA**

The information will be used by the Internal Revenue Service to verify a taxpayer's eligibility to use the safe harbor method and the computation of the adjustment.

3. **USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

There are no plans to provide electronic filing because electronic filing is not appropriate for the collection of information in this submission.

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**

The collection of information does not have a significant impact on a substantial number of small businesses. The collection of information specifically required by the revenue procedure is necessary to determine eligibility and to complete the Form 3115. Therefore, the burden on small businesses cannot be minimized any further.

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

There has been no consultation regarding the specific information to be collected. The required information will be collected as an attachment to the Form 3115, Application For Change in Accounting Method. Respondents filing a Form 3115 are required to submit all data, documents and computations necessary to support the requested change in method of accounting and the amount of the section 481(a) adjustment. The information required by the revenue procedure will enable taxpayers to properly complete the Form 3115.

We will publish a notice in the Federal Register in the near future to solicit public comments on Rev. Proc. 2006-XX.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax return information is confidential as required by 26 USC 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

We estimate that a total of 300 taxpayers will apply to use the safe harbor method of accounting for rotatable spare parts and that approximately 15 of them will apply each year. We estimate that the amount of time required for each applicant to produce the information we are requesting to be attached to the Form 3115 is $\frac{1}{4}$ hour. The hour burden is an estimate of the amount of time it would take type and print the requested information. Taxpayers would already have the information available in order to determine whether they are eligible to file a Form 3115.

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

13. ESTIMATED TOTAL ANNUAL COST BUDEN TO RESPONSENTS

Not applicable

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Not applicable

15. REASONS FOR PROGRAM CHANGES OR ADJUSTMENTS

Not applicable

16. COLLECTION OF INFORMATION WHOSE RESULTS WILL BE PUSBLISHED

Not applicable

17. REASONS WHY DISPLAYING THE OME EXPIRATION DATE IS INAPPROPRIATE

Not applicable

18. EXCEPTION TO THE CERTIFICATION STAEMENT

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.

EMERGENCY STATEMENT

Emergency review is requested because the revenue procedure is effective for taxable years ending on or after December 31, 2006. As a result, taxpayers who need to change to their method of accounting for the 2006 calendar year will need to file the Form 3115 with their tax return which is due March 15, 2007.

