

## **SUPPORTING STATEMENT (Announcement 2006-95)**

### **1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

The IRS has determined a substantial number of U.S. citizens and lawful permanent residents working in the international community have failed to fulfill their U.S. tax obligations. The IRS needs the information in order to apply the terms of the settlement and determine the amount of taxes, applicable statutory interest and penalties.

### **2. USE OF DATA**

The information collected by the IRS will be used for audit and examination purposes.

### **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**

Announcement 2006-95 was published in the **Internal Revenue Bulletin** on December 11, 2006 (2006-50 I.R.B. 1105).

In response to the **Federal Register** notice dated **January 29, 2007 (72 FR 4061)**, we received comments from one taxpayer regarding Announcement 2006-95. These comments were forwarded to the agency contact person for review.

### **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 4 of the Announcement 2006-95 requires taxpayers electing to participate in the settlement initiative to notify the IRS in writing of their intent to participate in the settlement initiative. We estimate that this requirement will affect 5,500 respondents per year, and take 2 hours each for a total of 11,000 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**

As suggested by OMB, our **Federal Register** notice dated **January 29, 2007 (72 FR 4061)**, 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. We did receive a response from a taxpayer on this subject, which was forwarded to the agency contact person for further procedures. 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**

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. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.