

## **TIPRA REGULATIONS SUPPORTING STATEMENT**

### 1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The collection of information in the attached regulations is required by section 6011(g) of the Internal Revenue Code ("Code"), as amended by the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). This collection of information is part of the statutory excise tax and disclosure regime aimed at stemming tax-exempt entity involvement in certain potentially abusive tax avoidance transactions (referred to in the statute as "prohibited tax shelter transactions"). The purpose of this collection of information is to inform tax-exempt entities that they may be parties to prohibited tax shelter transactions and that they may have a tax liability under section 4965 of the Code and a disclosure obligation under section 6033(a)(2) of the Code.

### 2. USE OF DATA

The information required in these regulations will be used by tax-exempt entities to determine whether they are parties to prohibited tax shelter transactions and whether they have a tax liability under section 4965 of the Code and a disclosure obligation under section 6033(a)(2) of the Code.

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

There are no plans to provide electronic filing because section 6011(g) requires disclosure from one party to the transaction to another, rather than to the Internal Revenue Service ("IRS").

### 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 information required to be disclosed under section 6011(g) is a subset of information required to be collected

for purposes of completing and filing Form 8886, Reportable Transaction Disclosure Statement. The collection of information for purposes of Form 8886 has been approved under OMB number 1545-1800. The additional burden created by the disclosure requirement under section 6011(g) and the collection of information requirement in these regulations is expected to be minimal.

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

A notice of proposed rulemaking is being published simultaneously with temporary regulations which will afford the public a 60-day period in which to review and provide public comments relating to any aspect of the regulations. A public hearing will be held with respect to the notice of proposed rulemaking if any person who has submitted comments requests one.

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

The collection of information in these regulations is in §

301.6011(g)-1. The likely respondents are individuals and businesses that participate in prohibited tax shelter transactions to which tax-exempt entities are also parties.

The estimated frequency of responses is one time per transaction. Designation agreements among respondents are permitted to minimize the total number of responses.

Books or records about a collection of information must be retained as long as their content may become material in administering any internal revenue law.

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

This is a new collection.

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.

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.