

**SUPPORTING STATEMENT**  
**(Form 8921)**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Internal Revenue Code section 6050V was added by section 1211 of the Pension Protection Act of 2006. This addition imposes a new information reporting requirement on certain tax-exempt organizations that acquire interests in insurance contracts.

**2. USE OF DATA**

With the information gathered on Form 8921, Applicable Insurance Contracts Information Return, the Department of the Treasury and the Internal Revenue Service will conduct a study and report the results to Congress within 30 months of the effective date, August 17, 2006.

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

We have no plans at this time to offer electronic filing because of the low volume compared to the cost of electronic enabling.

**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**

On February 23, 2007, Notice 2007-24 was issued to invite public comments on the draft IRS forms meant to be used to implement the new reporting requirements. Originally, the required information was intended to be collected on two separate forms; however, after the comment period ended on March 16, 2007, Treasury determined that the information would be requested on a single form. The resulting form is Form 8921, Applicable Insurance Contracts Information Return.

**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 burden estimate is as follows:

<b>Form</b>	<b><u>Number of Responses</u></b>	<b><u>Time per Response</u></b>	<b><u>Total Hours</u></b>
8921	50,000	35.89	1,794,500

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**

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**

The primary cost to the government consists of the cost of printing Form 8921. We estimate that the cost of printing the form is \$100. Due to the low volume of the form, it is expected that this form will be "print-on-demand."

**15. REASONS FOR CHANGE IN BURDEN**

Not applicable. This is a new form.

**16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION**

Statistics of Income will compile the information and Treasury will summarize the information in a report to be provided to Congress.

**17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE**

See attachment.

**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.

**REASON FOR EMERGENCY SUBMISSION**

IRC section 6050V was added by Act section 1211 of the Pension Protection Act of 2006. The provision requires the Treasury Secretary to undertake a study on the use by tax-exempt organizations of applicable insurance contracts for the purpose of sharing the benefits of the organization's insurable interest in the insured individuals under such contracts with investors,

and whether such activities are consistent with the tax-exempt status of the organizations. No later than 30 months after the date of enactment (August 17, 2006), the Treasury Secretary is required to report on the study to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives. The Treasury must begin collecting this information immediately and the first due date for Form 8921 is November 1, 2007.

## OMB EXPIRATION DATE

We believe the public interest will be better served by not printing an expiration date on the form(s) in this package.

Printing the expiration date on the form will result in increased costs because of the need to replace inventories that become obsolete by passage of the expiration date each time OMB approval is renewed. Without printing the expiration date, supplies of the form could continue to be used.

The time period during which the current edition of the form(s) in this package will continue to be usable cannot be predicted. It could easily span several cycles of review and OMB clearance renewal. In addition, usage fluctuates unpredictably. This makes it necessary to maintain a substantial inventory of forms in the supply line at all times. This includes supplies owned by both the Government and the public. Reprinting of the form cannot be reliably scheduled to coincide with an OMB approval expiration date. This form may be privately printed by users at their own expense. Some businesses print complex and expensive marginally punched continuous versions, their expense, for use in their computers. The form may be printed by commercial printers and stocked for sale. In such cases, printing the expiration date on the form could result in extra costs to the users.

Not printing the expiration date on the form(s) will also avoid confusion among taxpayers who may have identical forms with different expiration dates in their possession.

For the above reasons we request authorization to omit printing the expiration date on the form(s) in this package.