

**SUPPORTING STATEMENT
REG-115393-98**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The collections of information in these regulations are in §§1.408A-2, 1.408A-4, 1.408A-5, and 1.408A-7. This information is required by the IRS to comply with the provisions of the Taxpayer Relief Act of 1997, and in particular, with Code section 408A(b), (c), and (d)

2. USE OF DATA

This information will be used by individuals and businesses or other for-profit institutions, and not-for-profit institutions, such as trustees, custodians or issuers of Roth IRAs, in establishing Roth IRAs and recharacterizing IRA contributions. This information will also be used by: (1) the IRS and individuals converting traditional IRAs to Roth IRAs to calculate the amount includible in gross income on account of such conversions, (2) the IRS and individuals receiving distributions from Roth IRAs to calculate the amount includible in gross income on account of such distributions, (3) the IRS and individuals recharacterizing IRA contributions to properly account for such recharacterizations, and (4) the IRS and trustees, custodians or issuers of Roth IRAs to properly report (a) the amount of contributions to and distributions from Roth IRAs, and (b) recharacterizations of IRA contributions (including Roth IRAs).

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**

A notice of proposed rulemaking was published in the Federal Register on September 3, 1998 (63 FR 46937). A public hearing was held on December 10, 1998. The final regulations were published in the Federal Register on February 4, 1999 (64 FR 5597).

We received no comments during the comment period in response to the Federal Register notice dated April 20, 2007 (72 FR 10012).

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 collections of information in these regulations are in §§1.408A-2, 1.408A-4, 1.408A-5, and 1.408A-7. This information is required by the IRS to comply with the provisions of the Taxpayer Relief Act of 1997, and in particular, with section 408A(b), (c), and (d). The burden for (1) calculating the amount includible in gross income on account of conversions and Roth distributions, and (2) accounting for recharacterizations is reflected in the burden for Form 8606. The burden for electing to continue the 4-year spread of income inclusion (only applicable to certain spousal beneficiaries) is reflected in the burden for Form 8606 or Form 1040, whichever is applicable. The burden for reporting contributions is reflected in the burden for Form 5498. The burden for reporting distributions is reflected in the burden for Form 1099R.

Estimated total annual reporting/recordkeeping burden: 125,000 hours (50,000 hours for designating an IRA as a Roth IRA, plus 75,000 hours for recharacterizing an IRA contribution).

Estimated average annual burden per respondent/recordkeeper: 1 minute for designating an IRA as a Roth IRA and 30 minutes for recharacterizing an IRA contribution.

Estimated number of respondents/recordkeepers: 3,150,000 (3,000,000 respondents for designating an IRA as a Roth IRA, plus 150,000 respondents for recharacterizing an IRA contribution).

Estimates of the annualized cost to the respondents for the 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 April 20, 2007 (72 FR 20012), 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 purchases of services to provide information. However, we did not receive any response from taxpayers on this subject. As a result, estimated 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

There is no change in the paperwork burden previously approved by OMB. We are making this submission to renew OMB approval.

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 regulation sunsets 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.