

## **Supporting Statement (Form 2553)**

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

Unless specifically exempted by a provision of the Internal Revenue Code, all corporations are subject to Federal Income tax under Code section 11. Code section 1362 permits qualifying corporations to elect to be S corporations. Generally, the income of an S corporation is taxed to the shareholders of the corporation rather than to the corporation.

If a corporation wants to elect to be an S corporation, Code section 1362 and related regulations require that the corporation file Form 2553.

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

Form 2553 provides the IRS with information to determine if the corporation is a qualified corporation as defined in Code section 1361(a) and the tax year the election is to be effective.

This includes:

- a) The name and number of shareholders in the corporation,
- b) stock ownership information,
- c) date of incorporation, date the corporation began doing business, etc. and
- d) the beginning effective date of the election as requested by the corporation.

The form also contains a Shareholders' Consent Statement (item K of Form 2553) that each shareholder must sign as required by Code section 1362(a).

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

Low filing volume does not justify 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**

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding Form 2553.

In response to the Federal Register Notice (72 FR 70940), dated December 13, 2007, we received no comments during the comment period regarding Form 2553.

**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**

<b>Form</b>	<b>Number of Responses</b>	<b>Time per Response</b>	<b>Total Hours</b>
<b>2553</b>			500,000
		16.38	
			8,190,000

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

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0146 to these regulations.

18.1362-1

1.1362-4  
thru 7

18.1362-2

1.1372-4

1.1372-2

1.1362-3

1.1372-3

1.502-33T

**13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

As suggested by OMB, our Federal Register notice dated December 13, 2007, 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. However, we did not receive any responses from taxpayers on this subject. As a result, estimates of these cost burdens 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 this form. We estimate that the cost of printing the form is \$3,600.

**15. REASONS FOR CHANGE IN BURDEN**

We deleted 6 code references and added 2 lines to account for changes made to the form, which resulted in a program change decrease of 365,000 hours.

This submission is being made for renewal purposes.

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

Not applicable.

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

See attachment.

**18. EXCEPTION 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.