

**SUPPORTING STATEMENT  
(Revenue Procedure 2001-21)**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

This revenue procedure is needed to facilitate the consolidation of two or more outstanding publicly traded debt instruments ("old debt") into one publicly traded debt instrument ("new debt"). In general, if the exchange of debt in the consolidation does not result in a realization event, the new debt will not be fungible. Fungibility is a critical factor for the new debt to trade on the public markets.

In general, under the revenue procedure, a taxpayer can elect to treat the exchange of debt in certain consolidations as a realization event even though the exchange does not result in a significant modification of the old debt within the meaning of section 1.1001-3 of the Income Tax Regulations.

2. USE OF DATA

The data will be used to determine whether a taxpayer has made an election under this revenue procedure.

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

Revenue Procedure 99-18 was published in the **Internal Revenue Bulletin** on March 15, 1999 (1999-11 IRB 7). Revenue Procedure 99-18 was modified and superseded by Revenue Procedure 2001-21. Revenue Procedure 2001-21 was published in the **Internal Revenue Bulletin** on February 26, 2001 (2001-9 IRB 742).

We received no comments during the comment period in response to the **Federal Register** (73 FR 6563), notice dated February 4, 2008.

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 U.S.C. 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Section 4.01(1) of the revenue procedure provides the procedures for making an election under the revenue procedure. Under section 4.01(1), the issuer and the holders of the old debt make the election by agreeing in writing to treat the exchange as a realization event for

federal income tax purposes and to comply with the provisions of the revenue procedure. The written agreement to make the election may be evidenced by a statement in the exchange offering documents that (a) the issuer will elect to treat the exchange as a realization event for federal income tax purposes, (b) any holder of old debt that tenders its old debt for new debt as part of the exchange will be deemed to have agreed to make the election, and (c) the issuer and the electing holders will comply with the provisions of the revenue procedure. We estimate that 50 issuers will make the election annually. The estimated burden per respondent for recordkeeping/ reporting is from 1/2 hour to one hour with the average burden of 3/4 hour, for a total estimated burden of 37.5 hours annually.

Under section 4.01(2) of the revenue procedure, if an election is made, the issuer must attach a signed statement to its timely filed (including extensions) federal income tax return for the taxable year in which the exchange occurs. On the statement, the issuer must (1) identify the old debt that was consolidated in the exchange, (2) identify the new debt that was exchanged for the old debt, (3) indicate the issue price of the new debt, and (4) indicate that the issuer made the election under this revenue procedure.

We estimate that 100 issuers will make the election annually. The estimated burden per respondent for recordkeeping/reporting is from 1/2 hour to one hour with the average burden of 3/4 hour, for a total estimated burden of 75 hours annually.

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 February 4, 2008, 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 response from taxpayers on this subject. As a result, 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

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