

## SUPPORTING STATEMENT

### 1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

26 C.F.R. §301.7701-3 provides that a business entity that is not classified as a corporation or trust can elect its classification for federal tax purposes. In the absence of a timely election, the regulation establishes default classifications for such entities. If a taxpayer desires a classification other than its default classification, the regulation requires that it file an election (Form 8832) within 75 days of the date it desires the election to be effective. Generally, the only method for obtaining relief for filing a late entity election is to file a private letter ruling with the National Office.

This revenue procedure provides taxpayers with late initial entity classification election relief in certain situations without requiring them to apply for a private letter ruling. The revenue procedure only applies to the following situations: (1) the entity failed to obtain its desired classification as of the date of its formation solely because Form 8832 was not filed timely under §301.7701-3(c)(1); (2) the due date for the tax return of the entity's default classification (excluding extensions) for the taxable year beginning with the date of the entity's formation has not passed; and (3) the entity has reasonable cause for its failure to timely make the initial entity classification election.

This revenue procedure provides that taxpayers whose initial entity classification election was filed late (but meets the requirements of this revenue procedure) can obtain relief by filing Form 8832 and attaching a statement explaining that the requirements of the revenue procedure have been met.

### 2. USE OF DATA

The Service will use this information to determine if the taxpayer acted reasonably and in good faith and that the granting of relief will not prejudice the government as required by 26 C.F.R. § 301.9100-3(a).

### 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 2002-15 was published in the Internal Revenue Bulletin on February 11, 2002 (2002-6 IRB 490). We received one letter in response to February 1, 2002, **Federal Register** notice regarding Revenue Procedure 2002-15. The letter contained technical comments and did not address the information collections or burden. The comments are currently under consideration.

We received no comments during the comment period in response to the **Federal Register** notice date March 25, 2008 (73 FR 15839).

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSE

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

Section 4.01(2) and 4.02(2) of the revenue procedure requires a taxpayer who filed a late initial entity classification election to send a completed Form 8832 with an attached statement as required by the revenue procedure; this procedure eliminates the need to apply for a private letter ruling. We estimate that approximately 100 taxpayers will prepare the attached statement and it will take approximately 1 hour to complete. The total time estimate is 100 hours.

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 March 25, 2008 (73 FR 15839), 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. REASON 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. REASON 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.