

SUPPORTING STATEMENT (Revenue Procedure 2002-23)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The treatment of pension, retirement or employee benefits under the U.S. - Canada income tax treaty ("Treaty") was amended by a protocol signed on March 17, 1995 ("1995 Protocol"). Under Article XVIII(7) of the Treaty, which was added by the 1995 Protocol, citizens or residents of the United States who are beneficiaries of an eligible Canadian pension plan may defer United States taxation on income accruing in the plan until the time of distribution under procedures established by the Internal Revenue Service. Article XVIII(7) expanded and replaced Article XXIX(5) of the Treaty. The procedures for applying former Article XXIX(5) were set forth in Revenue Procedure 89-45. The new revenue procedure expands and replaces the in Rev. Proc. 89-45.

2. USE OF DATA

The Internal Revenue Service will use the data collected from the United States citizens and residents to ensure that those persons who are claiming deferral of United States taxation on income accruing in Canadian pension plans are eligible to do so under the Treaty.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There are no plans to provide electronic filing because electronic filing is not appropriate for the collection of information in this submission.

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 POLITICAL 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

We have consulted with the Canadian government.

Revenue Procedure 2002-23 was published in the **Internal Revenue Bulletin** on April 15, 2002 (2002-15 IRB 744).

In response to the **Federal Register Notice** dated **April 10, 2008 (73 FR 19587)**, we received no comments during the comment period regarding Revenue Procedure 2002-23.

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

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and 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

We estimate that approximately 20,000 United States citizens or residents are beneficiaries of eligible Canadian pension plans. This election is made by attaching a statement to the tax return. The average response time per individual is estimated to be .5 hours. The total estimated burden is 10,000 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 **April 10, 2008 (73 FR 19587)**, 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 to obtain a new expiration date before the old one expires.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT ON OMB FORM 83-1

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 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.