

**SUPPORTING STATEMENT
(INTL-121-90, INTL-292-90, and INTL-361-89)**

(1) CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Code section 6114 requires that each taxpayer who takes the position that a treaty of the United States overrules (or otherwise modifies) an Internal Revenue law of the United States shall disclose such a position in a manner prescribed by the Secretary. The regulations provide that reporting is required under section 6114 in situations where the residency of an individual is determined under a treaty and apart from the Code.

The regulations under section 7701(b) of the Code contain rules regarding coordination with income tax treaties. The rules relate to situations where dual resident alien individuals claim treaty benefits as a nonresident of the United States. The regulations reserve a special rule with regard to dual resident alien individuals who are shareholders in S corporations. The regulations require that the dual resident shareholder and the S corporation enter into a withholding agreement pursuant to procedures provided by the Commissioner.

(2) USE OF DATA

The information required by the section 6114 regulations will be used to insure that treaty benefits that reduce the rate of U.S. tax on income received will be properly applied. The information required by the section 7701(b) regulation special rule for S corporations will be used to insure that at least one level of U.S. tax is paid on an S corporation's earnings in situations where a dual resident alien S corporation shareholder claims a treaty benefit.

(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 (INTL-121-90) was published in the Federal Register on April 27, 1992, (57 FR 15272). No public hearing was requested or held. The final regulations were published in the Federal Register on October 14, 1997 (62 FR 53384).

The collection of information under Code section 6114 is contained primarily in regulation section 301.6114-1(d) as published in the Federal Register on March 14, 1990 (INTL-361-89), and July 12, 1990 (INTL-292-90).

We received no comments during the comment period in response to the Federal Register notice (73 FR 22013), dated April 23, 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 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

Estimated Burden of INTL-361-89 and INTL-292-90:

The collection of information under section 6114 is contained primarily in section 301.6114-1(d). The information is required by section 6114 of the Code and will be used by the Service to identify taxpayers taking a treaty-based return position and the specific income for which such treaty-based return position is taken. This information includes the facts relied upon to support such position. The estimated burden imposed by section 301.6114-1(d) is as follows:

Reporting Respondents:	5,000
Average time per response:	1 hour
Total burden:	5,000 hours

Estimated Burden of INTL-121-90:

- (1) We estimate that the reporting requirement in section 301.6114-1(b)(8) will affect 1,000 respondents and that it will take 1 hour per respondent to complete the requirement in section 301.6114-1(b)(8).

Reporting Respondents:	1,000
Average time per response:	1 hour
Total burden	1,000 hours

- (2) We estimate that the reporting requirement in section 301.7701(b)-7(a)(4)(iv)(C) will affect 20 respondents and that it will take 3/4 hour per respondent to complete the requirement in section 301.7701(b)-7(a)(4)(iv)(C).

Reporting Respondents:	20
Average time per response:	3/4 hour
Total burden	15 hours

The total burden for the above requirements is 6,015 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 23, 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 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.