

**SUPPORTING STATEMENT
RP-2005-26**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The collection of information required by the revenue procedure is necessary generally to help the IRS determine whether, and to what extent, a taxpayer participated in a listed transaction and identify the return(s) to which the disclosure of the listed transaction relates. Furthermore, the collection of information is necessary to inform the IRS that the taxpayer is disclosing the information for purposes of the period of limitations under section 6501(c)(10) and, in that regard, to help the IRS ascertain the date on which the IRS's time to assess tax with respect to that transaction against the taxpayer disclosing the transaction will expire. In addition, because taxpayers are not required to amend their returns, the collection of information is necessary to provide the IRS with a penalties of perjury statement with the disclosure that is signed by the taxpayer, because the Form 8886 does not contain a penalties of perjury statement or a place for a signature.

2. USE OF DATA

The information will be used by the IRS to help determine a taxpayer's participation in a listed transaction and the date on which the IRS's time to assess tax with respect to that transaction against the taxpayer disclosing the transaction will expire.

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 2005-26 was published in the Internal Revenue Bulletin on April 25, 2005 (2005-17 IRB 965).

We received no comments during the comment period in response to the **Federal Register** notice dated June 5, 2008 (73 FR 32080).

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**

Rev. Proc. 2005-26: To comply with Revenue Procedure 2005-26, a taxpayer must prepare and submit a cover letter whenever a taxpayer submits a completed Form 8886 for purposes of disclosing their previously undisclosed listed transaction. The requirement to complete and submit Form 8886 was created by Treas. Reg. § 1.6011-4. Revenue Procedure 2005-26 also requires a taxpayer to submit a copy of Form 8886 with the cover letter to an IRS examiner or Appeals office if the taxpayer is under examination or Appeals consideration. It is estimated that the above requirements will affect 859 taxpayers per year, with a burden of approximately 0.25 to 0.75 hour per respondent, with an average of 0.5 hour, for an annual burden of 429.50 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 June 5, 2008 (73 FR 32080), 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**

Not applicable.

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 regulations sunset 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 83-1**

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 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.