

SUPPORTING STATEMENT

(Revenue Procedure 99-26)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The collection of information in this revenue procedure is needed to facilitate the settlement of cases in which taxpayers improperly accelerated deductions for accrued employee benefits secured by a letter of credit, bond, or other similar financial instrument. Under the revenue procedure, taxpayers can choose one of two alternative settlement options to expeditiously resolve these cases. Settlement of these cases will relieve both taxpayers and the Service from the burdens associated with further development or litigation of the cases in the future.

2. USE OF DATA

The data will be used to determine whether a taxpayer's settlement proposal conforms to the terms of the 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 99-26 was published in the **Internal Revenue Bulletin** on June 14, 1999 (1999-24 IRB 38).

In response to the **Federal Register Notice** dated **July 22, 2008 (73 FR 42655)**, we received no comments during the comment period regarding Revenue Procedure 99-26.

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

Section 7 of the revenue procedure provides the procedures for requesting one of the alternative settlement options. Under section 7.01(2), a taxpayer must submit its request for a settlement in writing within a specified time period. Among other things, the request must: (1) indicate which type of settlement is being proposed by the taxpayer; (2) specify the taxable years covered by the proposed settlement; (3) contain a statement of material facts; (4) provide a legal analysis supporting timely accrual of the amounts in question; (5) indicate an agreement to file amended returns (under certain circumstances); (6) provide computations of specified time-value-of-money benefits (under certain circumstances); (7) indicate an agreement to change the taxpayer's method of accounting for its first taxable year ending after July 22, 1998, to comply with I.R.C. § 404(a) (11); (8) indicate the amount of the I.R.C.

§ 481(a) adjustment required as a result of the change to the accounting method; and (9) indicate agreement to the terms of the

revenue procedure.

Under section 7.03(1)(d), taxpayers implementing an alternative-timing settlement will be required to file amended returns for affected taxable years covered by the settlement, other than any taxable years that are already under examination. The burden of this requirement is reflected in the burden of Form 1120X.

Under section 7.03(2)(b), payment of the amount due under a time-value-of-money settlement must be accompanied by the following information: (1) a copy of the notification of acceptance from the Vacation Pay Issue Specialist described in section 7.02(3) of the revenue procedure; and (2) a statement that the taxpayer accepts the time-value-of-money settlement and agrees to the terms of the revenue procedure.

We estimate that a maximum of 100 taxpayers will request one of the alternative settlements. The estimated average burden per respondent for all of the requirements discussed above is 20 hours, for a total estimated burden of 2,000 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 **July 22, 2008 (73 FR 42655)**, 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.