

**SUPPORTING STATEMENT  
(Form 8308)**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Section 149 of the Tax Reform Act of 1984 added Code section 6050K in order for partnerships to report sales or exchanges of certain partnership interests after December 31, 1984.

Form 8308 is an information return that provides to the IRS the names of the parties involved in a section 751(a) exchange. It is also used by the partnership as a statement to the transferor and transferee. It alerts the transferor that the taxpayer may be required to treat a portion of the gain realized from the sale or exchange of the partnership interest as ordinary income.

Regulations under section 1.6050K-1 reiterate the requirements of the Act and section 1.6050K-1(b) prescribes the information required on the return itself.

**2. USE OF DATA**

The IRS uses the information on Form 8308 to assist in verifying that the taxpayer declared income (loss) from the sale or exchange of a partnership interest involving a section 751(a) exchange attributable to (1) unrealized receivables of the partnership, or (2) inventory items of the partnership which have appreciated substantially in value.

**3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

We have no plans to offer electronic filing because of low filing volume compared to cost of electronic enabling.

**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**

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding Form 8308.

In response to the **Federal Register Notice** dated **September 11, 2008 (73 FR 52898)**, we received no comments during the comment period regarding Form 8308.

**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**

<u>Form</u>	<u>No. of</u>	<u>Time per</u>	<u>Response</u>
		<u>Responses</u>	
		<u>Total hours</u>	
Form 8308	200,000	7.30	1,460,000

The following regulation imposes no additional burden. Please continue to assign OMB number 1545-0941 to these regulations.

1.6050K-1(c)	1.6050K-1(d)	1.6050K-1
1.6050K-1T(a)(1)	1.751-1	

Estimates of the annualized cost to respondents for the hour burdens shown above are not available at this time.

**13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

As suggested by OMB, our **Federal Register Notice** dated **September 11, 2008 (73 FR 52898)**, 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 responses from taxpayers on this subject. As a result, estimates of these cost burdens are not available at this time.

**14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT**

The primary cost to the government consists of the cost of printing this form. We estimate that the cost of printing the form is \$289.

**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**

See attachment.

**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.