

**SUPPORTING STATEMENT  
(REG-103735-00)**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Section 6011(a) provides that any person made liable for any tax imposed by the Code, or with respect to the collection thereof, shall make a return or statement according to the forms and regulations prescribed by the Secretary of the Treasury.

These regulations provide guidance on the general filing requirement for all taxpayers under section 7701(a)(1). The regulations require taxpayers engaged in certain transactions to attach a statement to their returns. The regulations provide some exceptions from disclosure.

**2. USE OF DATA**

The information will be used to improve compliance with the tax laws by giving the Treasury Department earlier notification of transactions that may not comport with the tax laws.

**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 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 (67 FR 64840) was published in the **Federal Register** simultaneously with temporary regulations (67 FR 64799) on October 22, 2002.

Another notice of proposed rulemaking (65 FR 11269) was published in the **Federal Register** simultaneously with temporary regulations (65 FR 11205) on March 2, 2000. Other notices of proposed rulemaking were issued in August 2000, August 2001, and June 2002.

The final regulation was published in the **Federal Register** on March 4, 2003 (68 FR 10161) and a correction to the final regulation was published in the **Federal Register** on April 2, 2003 (68 FR 15942).

In response to the **Federal Register Notice** dated **September 29, 2008 (73 F.R. 56632)**, we received no comments during the comment period regarding REG-103735-00.

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 1.6011-4T(a) describes which taxpayers must attach a disclosure statement to their returns. The burden of complying with this requirement is reflected in the burden of Form 8886. The following paragraphs discuss the burden involved with disclosing the information,

attaching the information to the return and retaining the documents.

Section 1.6011-4T (d) describes the form and content of the disclosure statement. The burden of complying with this requirement is reflected in the burden of Form 8886.

Section 1.6011-4T(e) describes which years the disclosure statement must be attached to a taxpayer's federal income tax return. The burden of complying with this requirement is reflected in the burden of Form 8886.

Section 1.6011-4T(f) now provides a procedure that permits a taxpayer to request a ruling if the taxpayer is uncertain whether a transaction is subject to the disclosure requirements of these regulations. We estimate that there will be no more than five taxpayers annually requesting a ruling and the burden for requesting a ruling is reflected in Rev. Proc. 2002-1 "Letter rulings, determination letters, and information letters issued by the Associate Chief Counsel (Domestic), Associate Chief Counsel (Employee Benefits and Exempt Organizations), Associate Chief Counsel (Enforcement Litigation), and Associate Chief Counsel (International)", 2002-1 I.R.B.1. Section 1.6011-4T(f) also allows a taxpayer to indicate that the disclosure is being filed on a protective basis if the taxpayer is uncertain whether a transaction is subject to the disclosure requirements of these regulations. The burden of complying with this requirement is reflected in the burden of Form 8886.

Section 1.6011-4T(g) describes the documents that must be retained by the taxpayer. The burden of complying with this requirement is reflected in the burden of Form 8886. The estimated burden is 1 hour.

Estimates of the annualized cost to respondents for the hour burdens associated with the information collection are not available at this time.

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

As suggested by OMB, our **Federal Register Notice** dated **September 29, 2008 (73 FR 56632)**, 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 ANNUAL 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 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 REQUIREMENT OF OMB FORM 83-I**

Not applicable.

**Note:** The following paragraph applies to all of the collection 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 pertaining 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 return information are confidential as required by 26 U.S.C. §6103.