

SUPPORTING STATEMENT

(Revenue Procedure 97-27)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 446(e) of the Internal Revenue Code and section 1.446-1(e) of the Income Tax Regulations require a taxpayer to obtain the consent of the Commissioner before changing a method of accounting for federal income tax purposes. Section 1.446-1(e)(3)(i) requires a taxpayer requesting a change in accounting method to file a Form 3115, Application for Change in Accounting Method, during the taxable year the taxpayer desires to make the change. This revenue procedure requires taxpayers to provide information that is not collected on the Form 3115.

2. USE OF DATA

The information will be used by the Service to determine whether to consent to a change in accounting method and the appropriate terms and conditions for the change.

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 whenever possible.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESS 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 97-27 was published in the **Internal Revenue Bulletin** on May 27, 1997 (Revenue Procedure 97-27, 1997-21, IRB. 10). RP 97-27 was modified and amplified by Revenue Procedure 2002-19 and was published in the Internal Revenue Bulletin on April 1, 2002 (2002-13, IRB 696). RP 2002-19 was amplified and clarified by Revenue Procedure 2002-54 and was published in the Internal Revenue Bulletin on September 3, 2002 (2002-35, IRB 432). RP 2002-54 was modified by Revenue Procedure 2007-67 and was published in the Internal Revenue Bulletin on November 26, 2007 (2007-48, IRB 1072).

In response to the **Federal Register Notice** dated **April 2, 2009 (74 FR 15034)**, we received no comments during the comment period regarding Rev. Proc. 97-27.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Submissions under this revenue procedure are considered tax returns and tax return information, which are confidential as required by 26 U.S.C. § 6103. In general, certain matters relating to taxability and deductibility are disclosable under 26 U.S.C. § 6110.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Section 6.02 requires certain taxpayers to attach a statement to the

Form 3115 certifying that the method to be changed is not an issue being considered by an appeals office and the statement must contain the name and telephone number of the appeals officer. The taxpayer also must provide the appeals officer a copy of the Form 3115. We estimate that 40 taxpayers will make such submissions annually. The estimated burden per respondent is 1/4 of an hour for a total estimated burden of 10 hours.

Section 6.03 requires certain taxpayers to attach a statement to the Form 3115 certifying that the method to be changed is not an issue being considered by a federal court and the statement must contain the name and telephone number of the counsel for the government. The taxpayer also must provide the counsel for the government a copy of the Form 3115. We estimate that 20 taxpayers will make such submissions annually. The estimated burden per respondent is 1/4 of an hour for a total estimated burden of 5 hours.

Section 8.05(1) requires a taxpayer who has previously changed its method of accounting for an item within four taxable years to attach an explanation stating why the taxpayer is again requesting to change its method for the same item. We estimate that 50 taxpayers will make such submissions annually. The estimated burden per respondent is 1/4 to 3/4 of an hour, with an average burden of 1/2 of an hour, for a total estimated burden of 25 hours.

Section 8.05 (2) requires a taxpayer who has previously requested to change its method of accounting within four taxable years to attach an explanation stating why the taxpayer did not implement the requested change. We estimate that 50 taxpayers will make such submissions annually. The estimated burden per respondent is 1/4 to 3/4 of an hour, with an average burden of 1/2 of an hour, for a total estimated burden of 25 hours.

Section 8.09 provides that, if supplemental information is needed, taxpayers will be provided 21 days to furnish the information. A taxpayer may request additional time to furnish the information. The request for an extension of time must be made in writing and submitted within the 21-day period. We estimate that 3,000 taxpayers annually will be requested to provide additional information and 100 of those taxpayers will request an extension of time. The estimated burden per respondent is 1/2 of an hour to 5 hours, with an average burden of 3 hours, for a total estimated burden of 9,000 hours.

Section 8.11(4)(a) requires a taxpayer that decides not to implement the requested change to return the unsigned ruling letter with an

explanation stating why the accounting method change will not be effected. We estimate that 6 taxpayers will make such submissions annually. The estimated burden per respondent is $\frac{1}{4}$ to $\frac{3}{4}$ of an hour, with an average burden of $\frac{1}{2}$ of an hour, for a total estimated burden of 3 hours.

Section 8.11(4)(b) requires a taxpayer that disagrees with the terms and conditions of the accounting method change to express the disagreement together with an explanation within 45 days after the issuance of the Service's consent letter. We estimate that 10 taxpayers will make such submissions annually. The estimated burden per respondent is one to two hours, with an average burden of $1\frac{1}{2}$ hours, for a total estimated burden of 15 hours.

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

13. ESTIMATED TOTAL ANNUALIZED COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register Notice** dated **April 2, 2009 (74 FR 15034)**, 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.

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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 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.