

SUPPORTING STATEMENT

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 45Q was enacted by § 115 of the Energy Improvement and Extension Act of 2008, Pub. L. No. 110-343, 122 Stat. 3829 (October 3, 2008). Section 45Q(a) provides that the CO₂ sequestration credit is available for qualified carbon dioxide (CO₂) that has been captured, disposed of by a taxpayer in secure geological storage within the U.S. and not used by the taxpayer as a tertiary injectant in a qualified enhanced oil or natural gas recovery project (EOR project), or used by a taxpayer as a tertiary injectant in an EOR project, and disposed of by a taxpayer in secure geological storage within the U.S. Taxpayers who capture not less than 500,000 metric tons of CO₂ in a taxable year beginning after October 3, 2008, and meet all of the other requirements of § 45Q are eligible to claim the credit.

This notice sets forth interim guidance, pending the issuance of regulations, relating to the credit for carbon dioxide sequestration (CO₂ sequestration credit) under § 45Q of the Internal Revenue Code. The Internal Revenue Service (Service) and the Treasury Department (Treasury) expect that the regulations will incorporate the rules set forth in this notice.

2. USE OF DATA

The data will be used by the Service to verify the amount of CO₂ that has been taken into account for purposes of the § 45Q credit. The Service is statutorily required to certify that 75,000,000 metric tons of qualified CO₂ have been taken into account for purposes of the § 45Q credit. At that point, the Service will publicly announce that the § 45Q credit will cease to be available for the calendar year following such announcement.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS Publications, Regulations, Notices and Letters are to be electronically enabled on a 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

We received no comments during the comment period in response to the Federal Register notice dated Thursday, June 25, 2009 (74 FR 30358).

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

The estimated average annual burden per respondent will be 6 hours to complete semi-annual reports required to claim the § 45Q credit. This estimated burden is based upon the approximated amount of time it will take the average respondent to gather the necessary data, compose and file the semi-annual reports. The estimated number of respondents is 30 and the total estimated number of responses per year is 60. It is estimated that the total annual reporting burden hours will be 180 hours.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Not applicable.

15. REASONS FOR CHANGE IN BURDEN

This is a new collection. The collection of information is needed to fulfill Treasury's

responsibilities under the Energy Improvement and Extension Act of 2008 (Public Law 110-343; approved October 3, 2008), as amended by the American Recovery and Reinvestment Act (ARRA) of 2009.

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 notice and the availability of the election sunsets as of the expiration date.

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.

19. EMERGENCY JUSTIFICATION

The Department of the Treasury (Treasury) respectfully requests emergency processing and approval of the collection of information contained in the interim guidance relating to the credit for CO2 sequestration under section 45Q. The collection of information is needed to fulfill Treasury's responsibilities under the Energy Improvement and Extension Act of 2008 (Public Law 110-343; approved October 3, 2008), as amended by the American Recovery and Reinvestment Act (ARRA) of 2009. Treasury cannot reasonably comply with the normal clearance procedures under 5 C.F.R. Part 1320 because of uncertainty about who is eligible to claim the credit and how the amount of the credit is to be determined.