

SUPPORTING STATEMENT

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The collection of information is in § 301.7701-3 of the Procedure and Administration regulations. Section 301.7701-3 provides guidance on the classification of certain business entities. Section 301.7701-3(c) provides that an eligible entity may elect to be classified other than as provided in § 301.7701-3(b), or to change its classification, by filing Form 8832, Entity Classification Election, with the service center designated on Form 8832. Entities that fail to timely file a Form 8832, Entity Classification Election, may receive an extension of time to file a Form 8832 by following the requirements in Section 4.01 of RP-121526-09. An entity's classification determines the tax form that the entity will file in addition to its structure for income tax purposes.

2. USE OF DATA

The information will be used by business entities to file all of their federal tax returns and will be utilized for compliance purposes to make sure business entities file consistently with their entity classification.

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. (However, to the extent Form 8832 may be filed electronically in the future, the related late entity classification election would also be electronically filed).

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 will publish a notice in the Federal Register in the near future to solicit public comments on this revenue procedure.

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 burden for collection of information is in § 301.7701-3. Entities that fail to timely file a Form 8832, Entity Classification Election, may receive an extension of time to file a Form 8832 by following the requirements in Section 4.01 of RP-121526-09. The rev. proc. permits certain eligible entities to file a late entity classification election on Form 8832 that includes affirmative statements that the eligible entities meet the requirements of the regulations. An eligible entity that does not meet the

requirements to file a late entity classification election by filing Form 8832 with the appropriate service center may apply for a letter ruling under established procedures in § 301.9100-3. The rev. proc. requires taxpayers to submit an additional representation if the taxpayers are required to apply for a letter ruling in order to provide the service with the information it needs to consider the letter ruling request.

We estimate that annually there will be 300 eligible entities that will need an extension of time to file an entity classification election. Of those 300, we estimate that 260 of these eligible entities will qualify for relief by filing a Form 8832 and the rest of the eligible entities will need to prepare and submit a private letter ruling request. We estimate that it will take an average of 4.5 hours for each entity to read the instructions and fill out the relevant portion of the Form 8832 relating to receiving an extension of time to file an entity classification election and 84.6 hours for each eligible entity submitting a private letter ruling for a total burden of 4,554 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

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

Revenue procedure 121526-09 provides guidance under § 7701 of the Internal Revenue Code both for an eligible entity that requests relief for a late classification election filed within 36 months and 75 days of the requested effective date of the eligible entity's classification and for those eligible entities that are still required to request a letter ruling in order to make a late entity classification election.

This revenue Procedure 121526-09 modifies and supersedes Revenue Procedure 2002-59. RP 2002-59 modified and superseded RP 2002-15. These changes result in an increase of 4454 burden hours.

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 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.