

Supporting Statement (Form 4684)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code section 165 and sections 1.165-1 through 1.165-11 of the regulations allow a deduction for losses due to casualties or thefts. Section A of Form 4684 provides the computation for casualty or theft gains or losses from property not used in a trade or business. Section B of Form 4684 provides the computation of gains or losses involving business or income producing property. In cases where gains exceed losses, the net gain is subject to IRC section 1231 and regulations sections 1.1231-1 and 1.1231-2.

2. USE OF DATA

Form 4684 provides the IRS with information to verify a taxpayer's casualty or theft loss computation.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are currently offering electronic filing for Form 4684.

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 4684.

In response to the **Federal Register Notice** dated **April 25, 2008 (73 FR 22465)**, we received no comments during the comment period regarding Form 4684.

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>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
Form 4684	268,350	5.54	1,486,659

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

The following regulations impose no additional burden.

1.165-1 through 11

1.1231-1 and 2

The justification appearing in item 1 of the supporting statement applies both to these regulations and to the form. Please continue to assign OMB number 1545-0177 to these regulations.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register Notice** dated **April 25, 2008 (73 FR 22465)**, 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 \$12,739.

15. REASONS FOR CHANGE IN BURDEN

A personal casualty or theft loss (Line 11) must exceed \$500 to be allowed for 2009. This is in addition to the 10% of AGI limit that generally applies to the net loss. The text on Midwestern disaster areas was deleted because these losses would have been claimed in 2008 but not in 2009. IRC 165(h)(1) as amended by **PL 110-343, Div. C, sec. 706(c)**.

If a taxpayer claims a net disaster loss as part of their standard deduction, they must complete new Schedule L (Form 1040A or 1040). As a result of this change, line 18a is now line 18 and we deleted line 18b because filers claiming disaster losses as part of the standard deduction will have to complete and attach new Schedule L (Form 1040A or Form 1040). **PL 111-5, Div. B, sec. 1008**.

Losses in the Midwestern disaster area would have been claimed in 2008, not 2009. Therefore, the lines to claim these losses (Lines 20 and 21), were deleted. **PL 110-343**

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

See attachment.

18. EXCEPTION 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.