

## **Supporting Statement Form 8824)**

### **1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Section 1031 of the Internal Revenue Code allows for the non-recognition of gain or loss on the exchange of business or investment property. Section 1043 allows for the non-recognition of gain from dispositions made by certain members of the executive branch of the Federal government as a result of a conflict of interest.

Form 8824 provides taxpayers with an easy method of determining whether a transaction qualifies for like-kind exchange treatment, the gain or loss, if any recognized as a result of the exchange, and the basis in the new property received in the exchange.

### **2. USE OF DATA**

The information is used by IRS to verify the provisions of sections 1031 and 1043 have been met and that the deferral of gain (or loss) under those sections is allowable to the taxpayer.

### **3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

We are currently offering electronic filing for Form 8824.

### **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 8824.

In response to the **Federal Register** notice dated July 9, 2009 (74 FR 33020), we received no comments during the comment period regarding Form 8824.

**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>
<b>Form 8824</b>	53,490	15.61	834,979

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

The following regulation imposes no additional burden. Please continue to assign OMB number 1545-1190 to this regulation.

1.1031(a) thru (e)

We have reviewed the regulation and have determined that the reporting requirements contained in it are entirely reflected on the form. The justification appearing in item 1 of the supporting statement applies both to the regulation and to the form.

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

As suggested by OMB, our **Federal Register** notice dated July 9, 2009 (74 FR 33020) 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 \$955.

**15. REASONS FOR CHANGE IN BURDEN**

There are no changes to the form or burden previously approved by OMB.  
This submission is being made for renewal purposes.

**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.