

SUPPORTING STATEMENT
OMB No. 1545-0984
Low-Income Housing Credit – Form 8586

22096. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

IRC section 42 allows owners of residential rental projects providing low-income housing to claim a credit against income tax for part of the cost of constructing or rehabilitating such low-income housing. Form 8586 is used to compute this credit.

22097. USE OF DATA

The form provides the IRS with the information necessary to determine whether the credit was figured properly.

22098. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Form 8586 is enabled for electronic filing.

22099. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible.

22100. 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 8586.

In response to the Federal Register notice dated August 20, 2009 (74 FR 42158), we received no comments during the comment period regarding Form 8586.

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 estimate is as follows:

Form 8586

No. of Responses	Hours Per Response	Total Hours
7,786	8.80	68,517

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

The following regulation imposes no additional burden. Please continue to assign OMB number 1545-0984 to this regulation.

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13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice dated August 20, 2009 (74 FR 42158), 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

The primary cost to the government consists of the cost of printing this form. We estimate that the cost of printing the form is \$925.

15. REASONS FOR CHANGE IN BURDEN

Section 3022 of Pub.L. 110-289, The Housing and Recover Act of 2008, repealed the alternative minimum tax limitations on the low-income housing credit, attributable to buildings placed in service after December 31, 2007. Almost all of the changes made to Form 8586 stem from Sec. 3022 of Pub.L. 110-289.

Form 8586 has been split it into two parts. Part I is used to calculate the credit for buildings placed in service before January 1, 2008. Except for updated references to Form 3800, Part I (which is made up of lines 1 through 7) is the same as lines 1 through 7 of the previous revision of Form 8586.

Part II is used to calculate the credit for buildings placed in service after 2007. Part II consists of lines 8 through 20, all of which are new. The lines in Part II serve the same function as the lines on other general business credit forms whose credit is not subject to alternative minimum tax limitations. As you complete Part II, you enter the current year low-income housing credits (from Form 8609-A and from pass-through entities), make adjustments for credits from passive activities, make adjustments for carryforwards and carrybacks of the credit, and report the credit as appropriate (different reporting rules, which are spelled out on lines 12, 18, and 20, apply for partnerships/S corporations, estates/trusts, and other filers of the form). In the instructions, we updated the “What’s New” section to give an overview of the changes described above, and also briefly mention the changes in the recapture of credit.

In the section “Recapture of Credit”, we added text to mention that, if the proper procedures are followed, it is possible to prevent the recapture of credit pertaining to the disposal of a building or you interest therein. We refer filers to the detailed explanation that appears under *Recapture and building dispositions* in the Instructions for Form 8609-A, Annual Statement for Low-Income Housing Credit. Since the issue of recapture of a credit based upon the disposition of a building first comes up on line 4 of Form 8609-A, which is generally completed before Form 8586, we decided not to repeat the text in the Form 8586 instructions.

In the Specific Instructions, we added text to line 3 to note that credits entered on this line must be for buildings placed in service before 2008.

We added specific instructions for new lines 10 (enter credits for buildings placed in service after 2007), 13 (enter amounts from line 12 that come from a passive activity), 15 (enter amounts from Form 8582-CR or Form 8810), 16 (enter carryforwards of credit), 17 (enter carrybacks of credit) and 19 (allocate credit on line 18 between estate/trust and beneficiaries).

This revision will reduce previously approved total burden hours by 21,490 hours. Total hours requested with this submission is 68,517.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

See attachment.

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.