

**SUPPORTING STATEMENT
(Form 8038-T)**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Sections 143 and 148 require bond issuers to pay a rebate to the United States if the proceeds of a particular bond issue are used for arbitrage and the issuer wishes the bonds to retain their exempt status. Section 148 also contains provisions for election and/or payment of various penalties associated with arbitrage bonds. Form 8038-T implements the arbitrage and penalty requirements of these two Code sections.

2. USE OF DATA

Form 8038-T gives the IRS information necessary to determine if the bond issuer has correctly computed the arbitrage rebate paid to the United States and/or penalties applicable to arbitrage bonds.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Low filing volume does not justify the cost of electronic enabling.

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 8038-T.

In response to the **Federal Register** Notice dated February 26, 2010 [75 FR 9026], we received no comments during the comment period regarding Form 8038-T.

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:

| <u>Number of Responses</u> | <u>Time per Response</u> | <u>Total Hours</u> |
|----------------------------|--------------------------|--------------------|
| Form 8038-T 2,500 | 23hrs. & 16 mins. | 57,900 |

Reporting regulations which impose no additional burden:

1.148-1
1.103A-2

1.149(e)-1T

We have reviewed these regulations and have determined that the reporting requirements contained in them are entirely reflected on the form. 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 1545-1219 to these regulations.

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

As suggested by OMB, our **Federal Register** notice dated February 26, 2010 [75 FR 9026], 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 Form 8038-T. We estimate that the cost of printing the form is \$875.

15. REASONS FOR CHANGE IN BURDEN

In accordance with Rev. Proc. 2009-11 a prepare signature box is being added. References to codes are being removed due to changes in law: section 1301 of Public Law 99-514.

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.