

SUPPORTING STATEMENT

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

1) Electronic professional education materials: The collection of information is necessary for the Commissioner, through the Director of Practice, to monitor the continuing professional education materials used by enrolled agents in obtaining renewal of enrollment. Currently, enrolled agents obtaining renewal must maintain records relating to their continuing professional education, and this modification expands the materials to include electronic materials.

2) Conflict of interests: The collection of information is necessary in order for the Director of Practice to protect taxpayers by ensuring that practitioners representing taxpayers affected by conflicting interests properly obtain consent of the affected taxpayers.

3) E-commerce: The collection of information is necessary in order for the Director of Practice to ensure that practitioners are not sending misleading solicitations to taxpayers via e-commerce. Currently, practitioners are required to maintain copies of direct mailings they send, and this modification modernizes such requirement to include e-commerce.

2. USE OF DATA

As indicated above, the Director of Practice will use this information to ensure that: 1) enrolled agents properly complete continuing education requirements to obtain renewal; 2) practitioners properly obtain consent of taxpayers before representing conflicting interests; 3) practitioners do not use e-commerce to make misleading solicitations.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The collection of information does not involve the use of automated, electronic, or other technological collection techniques.

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

We have minimized the burden on small entities. In 1), by permitting enrolled agents to make use of electronic materials for professional education, we free them from having to use written materials and permit them greater freedom to make use of computer technology. As enrolled agents must currently use and retain written educational materials, permitting enrolled agents to use electronic materials will allow them to store such materials in their computers and thus save storage space that would otherwise be devoted to textbooks, etc. In 2), the requirement is minimal. Practitioners are already required to obtain the express consent of affected taxpayers when representing conflicting interests, and the proposed regulation merely requires that practitioners obtain such consent in writing. We make no detailed specifications regarding the form that the writing must take. In 3), the requirement that copies of e-commerce solicitations be maintained makes no specifications regarding how such copies are maintained, leaving flexibility to the practitioner, and this requirement is a modernization of the current requirement that practitioners maintain copies of direct mail solicitations.

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

In response to the Federal Register notice (75 FR 5871), dated February 4, 2010, we received no comments during the comment period regarding REG-111835-99 (TD 9011).

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

31 C.F.R. § 10.6(i)(1)(v): Enrolled agents must meet continuing professional education requirements in order to renew their status as enrolled agents. This continuing professional education includes formal or correspondence programs making use of written materials that must be maintained by the enrolled agent for three years after the date of renewal of enrollment. The proposed regulations permit suitable electronic materials to be substituted for written materials and that those electronic materials be maintained for three years after renewal. It is estimated that the above requirements will affect 40,000 respondents per year, with a burden of approximately 1 hour per respondents, for an annual burden of 40,000 hours.

31 C.F.R. §10.29(a)(2) and (b): Practitioners are required to obtain written consent to represent conflicting interests and the consent be retained for 36 months after the conclusion of the representation of the affected clients. It is estimated that the above requirements will affect 4,000 respondents per year, with a burden of approximately 1 hour per respondent, for an annual burden of 4,000 hours.

31 C.F.R. § 10.30(c): Under current §10.30(c), practitioners must retain, for 36 months following the date of the last transmission, copies of any direct mail communication and a list or other description of the persons to whom the mailing was sent. This requirement in proposed 10.30(c) is updated

to include e-commerce communications. It is estimated that the above requirements will affect 12,000 respondents per year, with a burden of approximately .5 hour per respondent, for an annual burden of 6,000 hours.

The total recordkeeping hours are 50,000.

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 4, 2010, 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

Not applicable.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. This form is being submitted for renewal purposes only.

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.