

SUPPORTING STATEMENT (INTL-536-89)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Sections 163(f), 165(j), and 1287(a) of the Internal Revenue Code were added to the Code by the Tax Equity and Fiscal Responsibility Act of 1982. Section 163(f) disallows an interest deduction otherwise allowable under section 163(a), or any other provision of the Code, if the interest is attributable to a registration-required obligation issued in bearer form. An obligation is not a registration-required obligation if, among other things, it is sold pursuant to arrangements reasonably designed to ensure sale to non-United States persons. The reporting requirements are necessary to ensure sale of bearer obligations only to non-United States persons.

Sections 165(j) and 1287(a) of the Internal Revenue Code of 1954, as amended by the Tax Equity and Fiscal Responsibility Act of 1982, provide that persons holding registration-required obligations in bearer form are subject to certain penalties. These sections also provide that certain persons may be exempted from these penalties if such persons comply with reporting requirements with respect to ownership, transfers, and payments as the Secretary may require. The reporting and recordkeeping requirements are necessary to ensure that persons holding registration-required obligations in bearer form properly report interest income and gain on disposition of such obligations.

2. USE OF DATA

The information collected will be used to ensure that taxpayers fully report their income.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS Publications, Regulations, Notices and Letters are to be electronically enabled on an as practicable basis in accordance with the IRS Reform and Restructuring Act of 1998.

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

A notice of proposed rulemaking was published in the Federal Register on August 24, 1989 (54 FR 35200). A public hearing was not held because one was not requested. Final and temporary regulations were published in the Federal Register on May 10, 1990 (55 FR 19622).

In response to the **Federal Register** notice dated **March 18, 2010 (75 FR 13207)**, we received no comments during the comment period regarding INTL-536-89 (T.D.8300).

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

Burden Estimation:

It is estimated that there will be 5,000 respondents that will be preparing certificates to be presented to the issuer or underwriter. These

statements are called for by regulations § 1.163-5(c)(2)(i)(D). We estimate that it will take approximately 10 minutes to prepare these statements. (5,000 x 10 min. = 850 hours).

It is estimated that there will be 100 record-keepers that will be required to maintain records under § 1.163-5(c)(2)(i)(D). We estimate that it will take approximately 10 minutes for each record-keeper or 17 total burden hours.

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 **March 18, 2010 (75 FR 13207)**, 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. We are making this submission to renew the OMB approval.

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 regulation sunsets 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

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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.