

Supporting Statement

Rev. Proc. 2006-54, Procedures for Requesting Competent Authority
Assistance Under Tax Treaties
OMB No. 1545-2044

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Taxpayers who believe that the actions of the United States, a treaty country, or both, result or will result in taxation that is contrary to the provisions of an applicable income, estate, or gift tax treaty are required to submit the requested information in order to receive assistance from the U.S. competent authority.

2. USE OF DATA

The collection of information relates to the requirement that taxpayers submit a written request when applying for competent authority assistance. The information is used to assist the taxpayer in reaching a mutual agreement with the IRS and the appropriate foreign competent authority.

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 whenever 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

In response to the *Federal Register* Notice dated April 22, 2010 (75 FR 21149), we received no comments during the comment regarding Rev. Proc. 2006-54.

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:

The collection of information in this revenue procedure is in Sections 4.04, 4.05, 5.03, 7.06, 8.04 and 9.03. The collection of information relates to the requirement that taxpayers requesting competent authority assistance must file a written request for assistance.

A request for U.S. competent authority assistance must be in the form of a letter addressed to the Deputy Commissioner (International), Large and Mid-Size Business Division. It must be dated and signed by a person having the authority to sign the taxpayer's federal tax returns. The request must contain a statement that competent authority assistance is being requested and must include the information described below. In addition to the original signed submission, a copy of the text of the request and any materials contemporaneously prepared in support of the request must also be submitted, in Adobe PDF or Microsoft Word format, in the form of a CD, DVD, or 3.5-inch diskette.

The following information must be included in the request for competent authority assistance: (1) a reference to the specific treaty and the provisions therein pursuant to which the request is made; (2) the names, addresses, U.S. taxpayer identification number and foreign taxpayer identification number (if any) of the taxpayer and, if applicable, all related persons involved in the matter; (3) a brief description of the issues for which competent authority assistance is requested, including a description of the relevant transactions, activities or other circumstances involved in the issues raised and the basis for the adjustment, if any; (4) if applicable, a description of the control and business

relationships between the taxpayer and any relevant related person for the years in issue, including any changes in such relationship to the date of filing the request; (5) the years and amounts involved with respect to the issues in both U.S. dollars and foreign currency; (6) the IRS office that has made or is proposing to make the adjustment or, if known, the IRS office with examination jurisdiction over the taxpayer; (7) an explanation of the nature of the relief sought or the action requested in the United States or in the treaty country with respect to the issues raised, including a statement as to whether the taxpayer wishes to apply for treatment similar to that provided under Rev. Proc. 99-32, 1999-2 C.B. 296; (8) a statement whether the period of limitations for the years for which relief is sought has expired in the United States or in the treaty country; (9) a statement of relevant domestic and foreign judicial or administrative proceedings that involve the taxpayer and related persons, including all information related to notification of the treaty country; (10) to the extent known by the taxpayer, a statement of relevant foreign judicial or public administrative proceedings that do not involve the taxpayer or related persons but involve the same issue for which competent authority assistance is requested; (11) a statement whether the request for competent authority assistance involves issues that are currently, or were previously, considered part of an Advance Pricing Agreement proceeding or other proceeding relevant to the issue under consideration in the United States or part of a similar proceeding in the foreign country; (12) if applicable, powers of attorney with respect to the taxpayer, and the request should identify the individual to serve as the taxpayer's initial point of contact for the competent authority; (13) if the jurisdiction of an issue is with an IRS Appeals office, a summary of prior discussions of the issue with that office and contact information regarding the IRS Appeals officer handling the issue; also, if appropriate, a statement whether the taxpayer is requesting the Simultaneous Appeals procedure as provided in section 8 of the revenue procedure; (14) in a separate section, the statement and information required by section 9.02 of the revenue procedure if the request is to serve as a protective claim; (15) on a separate document, a statement that the taxpayer consents to the disclosure to the competent authority of the treaty country (with the name of the treaty country specifically stated) and that competent authority's staff, of any or all of the items of information set forth or enclosed in the request for U.S. competent authority assistance within the limits contained in the tax treaty under which the taxpayer is seeking relief. The taxpayer may request, as part of this statement, that its trade secrets not be disclosed to a foreign competent authority. This statement must be dated and signed by a person having authority to sign the taxpayer's federal tax returns and is required to facilitate the administrative handling of the request by the U.S. competent authority for purposes of the recordkeeping requirements of section 6103(p) of the Code. Taxpayers are encouraged to provide duplicates to the U.S. and foreign competent authorities of all information otherwise disclosable under the treaty; (16) a penalties of perjury statement dated and signed by the person or persons on whose behalf the request is being made and not by the taxpayer's representative; (17) any other information required or requested under this revenue procedure, as applicable.

A taxpayer may file an abbreviated request for competent authority assistance in accordance with this section if the total proposed adjustment involved in the matter is not greater than the following:

<u>Taxpayer</u>	<u>Proposed Adjustment</u>
Individual	\$200,000
Corporation/Partnership	\$1,000,000
Other	\$200,000

The abbreviated request for competent authority assistance under the small case procedure must be dated and signed by a person having the authority to sign the taxpayer's federal tax returns. Although other information and documentation may be requested at a later date, the initial request for assistance should include the following information and materials: (1) a statement indicating that this is a matter subject to the small case procedure; (2) the name, address, U.S. taxpayer identification number and foreign taxpayer identification number (if any) of the taxpayer and, if applicable, all related persons involved in the matter; (3) a description of the issue and the nature of the relief sought; (4) the taxable years and amounts involved with respect to the issues in both U.S. and foreign currency; (5) the name of the treaty country; (6) if applicable, powers of attorney with respect to the taxpayer; (7) on a separate document, a statement that the taxpayer consents to the disclosure to the competent authority of the treaty country (with the name of the treaty country specifically stated) and that competent authority's staff, of any or all of the items of information set forth or enclosed in the request for U.S. competent authority assistance within the limits contained in the tax treaty under which the taxpayer is seeking relief. The taxpayer may request, as part of this statement, that its trade secrets not be disclosed to a foreign competent authority. This statement must be dated and signed by a person having authority to sign the taxpayer's federal tax returns and is required to facilitate the administrative handling of the request by the U.S. competent authority for purposes of the recordkeeping requirements of section 6103(p) of the Code; and (8) a penalties of perjury statement dated and signed by the person or persons on whose behalf the request is being made and not by the taxpayer's representative. The person signing for a corporate taxpayer must be an authorized officer of the taxpayer who has personal knowledge of the facts. The person signing for a trust, an estate or a partnership must be respectively, a trustee, an executor or a partner who has personal knowledge of the facts.

A request for the accelerated competent authority procedure must contain a statement that the taxpayer agrees that: (a) the inspection of books of account or records under the accelerated competent authority procedure will not preclude or impede (under section 7605(b) or any administrative provision adopted by the IRS) a later examination of a return or inspection of books of account or records for any taxable period covered in the accelerated competent authority assistance request; and (b) the IRS need not comply with any applicable procedural restrictions (for example, providing notice under section 7605(b)) before beginning such examination or inspection.

A taxpayer's request for the Simultaneous Appeals procedure should be addressed to the U.S. competent authority either as part of the initial competent authority assistance request or, if made later, as a separate letter to the U.S. competent authority. The request should state whether the issue was previously protested to IRS Appeals for the periods in competent authority or for prior periods (in which case a copy of the relevant portions of the protest and an explanation of the outcome, if any, should be provided).

In situations in which a protective claim for credit or refund is filed prior to submitting a request for competent authority assistance, the taxpayer may make a protective claim in the form of a letter to the competent authority. The letter must indicate that the taxpayer is filing a protective claim and set forth, to the extent available, the information required under section 4.05(1) through (17) or under section 5.03(1) through (8) of the revenue procedure, as applicable. The letter must include a penalties of perjury statement as described in sections 4.05(16) and 5.03(8) of the revenue procedure. The letter must be filed in the same place and manner as a request for competent authority assistance.

We estimate that approximately 300 taxpayers will submit requests for competent authority assistance annually, and that it will take approximately 30 hours to prepare the documentation. The total reporting burden is estimated to be 9,000 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

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Not applicable.

15. REASONS FOR CHANGE IN BURDEN

Not applicable.

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.