

¹SUPPORTING STATEMENT

(26 CFR 1.6001-1)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code section 6001 requires, in part, that every person liable for tax, or for the collection of that tax, keep such records and comply with such rules and regulations as the Secretary (of the Treasury) may from time to time prescribe. It also allows the Secretary, in his or her judgment, to require any person to keep such records that are sufficient to show whether or not that person is liable for tax.

Under 26 CFR 1.6001-1, in general, any person subject to tax, or any person required to file an information return, must keep permanent books of account or records, including inventories, that are sufficient to establish the amount of gross income, deductions, credits or other matters required to be shown by such person in any tax return or information return. Farmers and wage earners are required to keep such records as will enable the District Director to determine the correct amount of income subject to tax. However, it is not necessary that these individuals keep the books of account and records that would be required of corporations and partnerships, for example. Exempt organizations, in addition to keeping permanent books of account and records in connection with the tax on unrelated business income must also keep permanent books of account and records, including inventories that are sufficient to show specifically the items of gross income, receipts and disbursements. The keeping of records can also be required by notice served upon any person by the District Director, in order to allow the District Director to determine whether or not the person so served is liable for tax. Books and records are to be kept available for inspection by authorized internal revenue officers or employees and are to be retained so long as their contents may become material in the administration of any internal revenue law.

2. USE OF DATA

These recordkeeping requirements are needed to ensure proper compliance with the Internal Revenue Code. Upon examination, these records are needed by the taxpayer to substantiate the amounts of income, deductions, credits, etc. claimed on any return.

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

We have been unable to minimize the burden for small businesses.

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

These existing regulations, 26 CFR 1.6001-1, were initially published in the Federal Register as a Notice of Proposed Rulemaking which provided the general public a period in which to review and provide public comments upon any aspect of the proposed regulations.

In response to the **Federal Register** notice dated **June 11, 2010 (75 FR 33383)**, we received no comments during the comment period regarding 26 CFR 1.6001-1.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

In general, the records required by these regulations are kept by the taxpayer. If furnished to the Internal Revenue Service in connection with the examination of any return, they become return information which, in general, is confidential as required by 26 U.S.C. 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The recordkeeping burden in this regulation is already reflected in the burden of all **the** tax forms. We are requesting 1 hour for processing purposes.

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 **June 11, 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. 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 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.