

SUPPORTING STATEMENT

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 4681 of the Internal Revenue Code imposes a tax on the sale or use of ozone-depleting chemicals by the manufacturer or importer thereof.

Section 52.4682-1(b)(2)(iii) of the regulations permits a manufacturer or importer to elect to treat the sale or use of mixtures containing ozone-depleting chemicals as the first sale or use of the ozone-depleting chemicals contained in the mixtures. If an election applies to a mixture sold or used after December 31, 1989 (including any such mixture created before January 1, 1990), the tax on the ozone-depleting chemicals contained in the mixture is imposed on the date the mixture is sold or used. An election is made on Form 6627 for the first calendar quarter beginning after December 31, 1989.

Section 4682 of the Code provides an exemption in 1990 and a reduced rate of tax in years after 1990 for ozone-depleting chemicals used in the manufacture of rigid foam insulation. Section 4682 also provides an exemption for ozone-depleting chemicals used as a feedstock in the manufacture of other chemicals.

Section 52.4682-2(b) of the regulations requires taxpayers to obtain and retain an exemption certificate signed by the purchaser to document the tax-free or tax-reduced character of certain sales or uses of ozone-depleting chemicals.

Section 52.4682-2(d) of the regulations sets forth the form of the exemption certificates. Purchasers must provide an exemption certificate to their seller and must retain records relating to the exemption certificates.

Section 4681 of the Code also imposes a tax on the sale or use of certain imported taxable products by the importer thereof.

Section 52.4682-3(c)(2) of the regulations permits importers to elect to treat the entry of products into the United States as the use of such products. If an election applies to an imported taxable product that is entered into the United States after December 31, 1989, tax is imposed

on the product on the date of entry. If such an election applies to an imported product that was entered into the United States before January 1, 1990, no tax is imposed under section 4681 on the sale or use of the product after December 31, 1989. An election is made on Form 6627 and becomes effective at the beginning of the calendar quarter to which the form relates.

Section 52.4682-3(g) of the regulations sets forth the rules to be followed by a manufacturer or importer in requesting that the Imported Products Table be modified. A request for modification must provide sufficient information to enable the Commissioner to determine whether a modification should be made.

Section 4682(h) of the Code imposes a floor stocks tax on ozone-depleting chemicals held for sale or for use in further manufacture by a person other than the manufacturer or importer of such chemicals.

Section 52.4682-4(f) of the regulations provides that each person liable for the floor stocks tax shall prepare and retain an inventory of the ozone-depleting chemicals subject to tax held by such person on January 1, 1990, and each subsequent year in which floor stocks tax is imposed.

2. USE OF DATA

The data is used by the Internal Revenue Service and taxpayers to verify that the proper amount of tax is reported. The data is used by the Internal Revenue Service to determine whether modifications to the Imported Products Table are required.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We have no plans to offer electronic filing. IRS publications, 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 reduce burden specifically 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

Temporary regulations (T.D. 8311) were published in the Federal Register on September 6, 1990 (55 FR 36612). A notice of proposed rulemaking (PS-73-89) cross-referencing the temporary regulations was published the same day (55 FR 36659). Temporary regulations (T.D. 8327) amending the existing temporary regulations were published in the Federal Register on January 2, 1991 (56 FR 18). A notice of proposed rulemaking (PS-97-90) cross-referencing the temporary regulations (56 FR 50) was published the same day. Temporary regulations (T.D. 8356) further amending the existing temporary regulations were published in the Federal Register on August 14, 1991 (56 FR 40246). A notice of proposed rulemaking (PS-60-91) cross-referencing the temporary regulations was published in the Federal Register (56 FR 40286) the same day. Written comments responding to these notices were received. A public hearing was not requested and none was held. The proposed regulations were adopted as revised by the final regulations (T.D. 8370) published in the Federal Register on November 4, 1991.

We received no comments during the comment period in response to the Federal Register notice (75 FR 37182), dated July 1, 2010.

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

Section 52.4682-1(b)(2)(iii) of the regulations permits a manufacturer or importer to elect to treat the sale or use of mixtures containing ozone-depleting chemicals as the first sale or use of the ozone-depleting chemicals contained in the mixtures. An election is made on Form 6627. The burden for this reporting requirement is reflected on Form 6627.

Section 52.4682-2(b) of the regulations requires manufacturers of ozone-depleting chemicals to obtain and retain exemption certificates provided by purchasers of chemicals for nontaxable purposes. We estimate that 16 manufacturers will obtain and retain the certificates and it will take them 0.1 hour to retain the records. The total burden for this recordkeeping requirement is 2 hours.

Section 52.4682-2(d) of the regulations requires certain purchasers of ozone-depleting chemicals to provide an exemption certificate to the manufacturer of the chemical and to retain records relating to these sales. We estimate that 200 persons will fill out these certificates and it will take them 0.1 hour to complete the certificate and 0.1 hour to retain the records. The total burden for this requirement is 20 hours for reporting and 20 hours for recordkeeping.

Section 52.4682-3(c)(2) of the regulations permits importers to elect to treat the entry of products into the United States as the use of such products. An election is made on Form 6627. The burden for this reporting

requirement is reflected on Form 6627.

Section 52.4682-3(g) of the regulations provides rules for requesting that the Imported Products Table be modified. We estimate that approximately 100 persons will file requests for modification of the Table and that it will take them approximately one hour to prepare the request. The total burden for this reporting requirement is 100 hours.

Section 52.4682-4(f) of the regulations requires that on January 1, 1990, and later years persons liable for floor stocks tax under section 4682(h) of the Code prepare and retain an inventory. We estimate that 150,000 persons must prepare an inventory and that it will take them 0.5 hour to complete. The total burden for this recordkeeping requirement is 75,000 hours.

The total burden for the above requirements is 75,142 hours, affecting 150,316 taxpayers.

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 July 1, 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.