

**SUPPORTING STATEMENT
(Form 1120-L)**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code section 801 imposes a tax on life insurance companies. Income Tax Regulations section 1.6012-2(c)(1) states that Form 1120-L will be used to make the return of tax.

2. USE OF DATA

The form provides the IRS with the information necessary to determine whether taxpayers are complying with the law, that the correct amount of tax has been computed and paid, and to gather information required to allow the Secretary of the Treasury to compute the effectively connected income for foreign insurance companies doing business in the United States.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

This form is electronically enabled.

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

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding Form 1120-L.

In response to the **Federal Register** notice dated August 12, 2010 (75 FR 49025), we received one comment in support of the continued use of the Form 1120-L. We have forwarded the comment to the originating office of the form for any potential or necessary follow up.

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

The burden estimate is as follows:

	<u>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
Form 1120-L	2,440	189.38	462,088
Schedule M-3	<u>2,000</u>	91.33	<u>182,660</u>
	4,440		644,748

Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time.

We have reviewed the following regulations and have determined that the reporting requirements contained in them are entirely reflected on Form 1120-L. The justification appearing in item 1 of the supporting statement applies both to these regulations and to Form 1120-L.

Please continue to assign OMB number 1545-0128 to these regulations.

Reporting Regulations:

1.801-5(c)	1.818-4(g)	1.801
1.804-4(b)(2)	1.819-2(c)(4)	1.818-8
1.811-2(d)(4)	1.812-2(c)	1.820-2
1.815-6(a)(2)	1.818-5(b)(1)	
1.818-4(e)	1.818-5(b)(2)	
1.818-4(f)	1.6012-2(c)(1)	

Recordkeeping Regulations:

1.801-8(c)(2)

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register** notice dated August 12, 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

After consultation with various functions within the Service, we have determined that the cost of developing, printing, processing, distribution, and overhead for Form 1120-L is \$20,695.

15. REASONS FOR CHANGE IN BURDEN

We added one line to determine if relevant corporations are required to file Schedule UTP with their 1120 returns. This results in a burden increase of 610 program hours.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

See attachment.

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