

SUPPORTING STATEMENT

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Generally, a taxpayer who sustains a product liability loss for a taxable year beginning after September 30, 1979, must carry back such loss to each of the 10 taxable years preceding the loss year (see section 172(b)(1)(I)). However, section 172(j)(3) provides that a taxpayer otherwise entitled to a 10-year product liability loss carryback may elect with respect to such loss to forego the 10-year carryback and treat such loss under the general rules of section 172. Section 172(j)(3) further provides that the Secretary shall provide the manner in which to make the election. The election must be made by the due date (including extensions) for filing the taxpayer's return for the taxable year the loss arose. The final regulations provide the manner in which the election is to be made. These regulations request that a statement be filed with the tax return providing the taxpayer's name, address and TIN, and a notation that the taxpayer elects not to have the 10-year carryback rule apply.

2. METHOD OF COLLECTION AND USE OF DATA

The information on the statement will be used by the Internal Revenue Service to determine if the taxpayer is complying with the carryback rules of section 172.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We have no plans to offer electronic filing. IRS publication, 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 March 25, 1983 (48 FR 12557). At that time the public was given a 60-day period in which to review and refer comments relating to any aspect of the proposed regulations. A public hearing was neither requested nor held. No major changes were made to the final regulations as a result of the comments received. Final regulations were published in the Federal Register on August 27, 1986 (51 FR 30481).

We received no comments during the comment period in response to the Federal Register (76 FR 13447), notice dated March 11, 2011.

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

Under section 1.172-13(c) (3) of the regulations, a taxpayer

entitled to a 10-year product liability loss carryback may elect to forego the 10-year carryback and treat the loss under the general rules of section 172. We estimate that 5000 taxpayers will make this election and that it will take them 0.5 of an hour each, for a total burden of 2,500 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 11, 2011, 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.