

**SUPPORTING STATEMENT
(REG-208156-91)**

(4952) CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 460 of the Internal Revenue Code provides special rules for treatment of long-term contracts. Section 460(h) directs the Secretary to prescribe regulations to the extent necessary or appropriate to carry out the purpose of section 460.

Section 1.460-1 of the final regulations requires a taxpayer to attach a statement to its original Federal income tax return notifying the Commissioner of any decision to sever or aggregate one or more long-term contracts under the regulations.

(4953) USE OF DATA

The data is used by the Internal Revenue Service and taxpayers to verify that the proper amount of tax is reported.

(4954) 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

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

The notice of proposed rulemaking was published in the **Federal Register** on May 5, 1999 (64 FR 24096). A public hearing was scheduled for September 14, 1999. The final regulations were published in the **Federal Register** on January 11, 2001 (66 FR 2219).

In response to the **Federal Register Notice** dated March 25, 2011 (**76 FR 16856**), we received no comments during the comment period.

(9) EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

Not applicable.

(10) ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and return information are confidential under 26 U.S.C. 6103.

(11) JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

(12) ESTIMATED BURDEN OF INFORMATION COLLECTION

Section 1.460-1 of the regulations requires the taxpayer to attach a statement to its timely filed Federal income tax return if the taxpayer severs or aggregates one or more long-term contracts. We estimate that 50,000 persons will attach the statement and it will take 15 minutes to complete the statement. The total burden for this reporting requirement is 12,500 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 25, 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.