

SUPPORTING STATEMENT  
(IRS Form 1120-F)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Foreign corporations that have investments, a trade or a business, or a branch in the U.S. use Form 1120-F to report the income and deductions from such sources (based on the general rules provided in sections 861 through 897 of the Internal Revenue Code) and to report the tax imposed by sections 881, 882, and 884 of the Internal Revenue Code.

2. USE OF DATA

The form provides the IRS with the information necessary to determine whether income, deductions, credits, and tax have been correctly reported.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We currently offer electronic filing for Form 1120-F and its schedules.

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-F.

In response to the **Federal Register** notice dated October 7, 2011 (76 FR 62500), we received no comments during the comment period regarding Form 1120-F.

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-F	29,200	185.49	5,416,308
Sch H	29,000	28.97	840,130
Sch I	29,000	44.74	1,297,460
Sch P	1,000	12.98	12,980
Schs M-1, M-2	29,000	8.67	251,430
Sch M-3	5,800	38.79	804,982
Sch S	3,750	19.87	74,513
Sch V	<u>500</u>	10.29	<u>5,145</u>
TOTAL	127,250		8,702,948

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

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0126 to these regulations.

1.6012-2(g)	1.864-4	1.953-2
1.367(a)-1	1.882-4	1.964-1
1.861-8	1.892-1(e)	1.964-3
1.861-9(f) & (g)	1.952-2(c)	1.970-2
1.863-3(b)(2)		

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register** notice dated October 7, 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

After consultation with various functions within the Service, we have determined that the cost of developing, printing, processing, distribution and overhead for the form is \$49,267.

15. REASONS FOR CHANGE IN BURDEN

This ICR is being submitted to update the currently approved information collection.

Due to new regulations CFR 1.883-1(c)(3) and CFR 1.883-4(e)(2) per TD 9502, lines 11b and 16(c) were added to the form. As a result, the burden for the Schedule S has increased by 5,925 hours.

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 statutes/regulation sunsets as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of 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.