

SUPPORTING STATEMENT T.D. 8976

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 1.472-2 of the Income Tax Regulations requires a taxpayer to file an application to use the LIFO inventory method. Section 1.472-3(a) requires an electing taxpayer to attach a statement with its federal income tax return for the year of election. This statement generally must be made on Form 970, Application To Use LIFO Inventory Method. Section 1.472-8(e)(5) of the existing regulations and section 1.472-8(e)(iv)(A) of the final regulations provide that a taxpayer may use the IPIC method only if its election appears on Form 970. In addition, §1.472-8(e)(iii)(B)(3) of the final regulations requires a taxpayer that elects to use a representative appropriate month to indicate its election on Form 970.

2. USE OF DATA

The Commissioner will use the information to determine whether an electing taxpayer is properly using the IPIC method to account for its dollar-value inventory pools.

3. 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

On May 19, 2000, an NPRM was published in the **Federal Register** to provide the public a 60-day period in which to review and provide public comments relating to any aspect of the proposed regulations. Regrettably, the NPRM did not contain the information required by the Paperwork Reduction Act. This omission was caused by a misunderstanding concerning the need to avoid a duplication of the estimated recordkeeping and reporting burdens that already are associated with Form 970. On September 25, 2000, a public hearing was held with respect to the NPRM. The final regulation was published in the Federal Register on January 9, 2002 (67 FR 1075).

We received no comments during the comment period in response to the **Federal Register notice dated May 27, 2011, (76 FR 31014)**.

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 reporting burden is contained in §§1.472-8(e)(iii)(B)(3) and 1.472-8(e)(iv). To elect the Inventory Price Index Computation (IPIC) method, a taxpayer must file Form 970, "Application to Use LIFO Inventory Method." This information is required to inform the Commissioner regarding the taxpayer's elections under the IPIC method. This information will be used to determine whether the taxpayer is properly accounting for its dollar-value pools under the IPIC method. The collections of information are required if the taxpayer wants to obtain the tax deferral benefits of the LIFO method. The reporting burden is reflected in the burden of Form 970.

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, **Federal Register notice dated May 27, 2011, (76 FR 31014)** 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 cost of operations, 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 capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Not applicable.

15. REASONS FOR CHANGE IN BURDEN

Not applicable.

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 regulations sunset 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.

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. regulations.