

**SUPPORTING STATEMENT
(Revenue Procedure 99-32)**

1. **CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

This revenue procedure is needed to prescribe the applicable procedures for the repatriation of cash by a United States taxpayer via an interest-bearing account receivable or payable in an amount corresponding to the amount allocated under section 482 from, or to, a related person with respect to a controlled transaction. Additionally, circumstances are prescribed under which a United States taxpayer may treat an account as offset by the amount of a debt, distribution, or capital contribution between the taxpayer and said related person. In general, under this revenue procedure, taxpayers whose taxable income was adjusted under section 482 of the Internal Revenue Code may make certain adjustments to conform their accounts to reflect the section 482 allocation.

2. **USE OF DATA**

The data will be used to determine whether a taxpayer qualifies for treatment requested pursuant to this revenue procedure.

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**

Revenue Procedure 99-32 was published in the **Internal Revenue Bulletin** on August 23, 1999 (1999-34 IRB 296).

In response to the Federal Register Notice dated September 8, 2011 (76 FR 55742), we received no comments during the comment period regarding Rev. Proc. 99-32.

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 5.01, of this revenue procedure, taxpayers with cases pending with the Internal Revenue Service must file a written request before closing action is taken on the primary adjustment. Section 5.01(2) requires the following information to be included in the written request: a statement that the taxpayer desires treatment under the revenue procedure for certain taxable years; a description of the transactions giving rise to the primary adjustment; and an offer to enter into a closing agreement.

Where taxpayers are reporting a self-initiated adjustment pursuant to section 1.482-1(a)(3) of the Income Tax Regulations, section 5.02, of this revenue procedure, requires the following information to be included in a statement attached to the taxpayer's Federal income tax return reporting the primary adjustment: a statement that the taxpayer desires treatment under the revenue procedure for certain taxable years and is bound by election of such treatment; a description of the transactions giving rise to the primary adjustment; the amount of the primary adjustment; the amount and nature of any correlative allocation to each related person from, or to, whom a section 482 allocation is made, and the corresponding amount and treatment of such correlative allocation by each related person; the amount of, the currency of, and the parties to the interest-bearing account; the amount of interest includible in income, or deductible, and the years of such inclusion or deduction; the amount of any foreign tax credit that the taxpayer will claim with respect to payment of principal or interest on the interest-bearing account; and the manner of payment of the interest-bearing account which shall be free of the Federal income tax consequences of the secondary adjustments that would arise from the primary adjustment.

We estimate that 180 United States taxpayers will make the election and provide the required information. The estimated burden per respondent is from 8 hours to 10 hours with an average burden of 9 hours, for a total estimated burden of 1,620 hours annually.

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 September 8, 2011 (76 FR 55742), 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 revenue procedure 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.