

Support Statement

CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 585(c) of the Internal Revenue Code was added by the Tax Reform Act of 1986 (Pub. L. No. 99-514, § 901), 100 Stat. 2085, 2375-2380 (1986), and amended by section 1009(a) of the Technical and Miscellaneous Revenue Act of 1988, (Pub. L. No. 100-647), 102 Stat. 3342, 3445 (1988). Section 585(c) requires large banks to change from the reserve method of accounting to the specific charge off method of accounting for bad debts. Section 1.585-8 of the regulation establishes a reporting requirement in cases in which large banks elect (1) to include in income an amount greater than that prescribed by the Code; (2) to use the elective cut-off method of accounting; or (3) to revoke any elections previously made.

USE OF DATA

The reporting requirement applies to all large banks making an election under section 585(c) of the Code. The institution reports its election by filing a statement with its return (or amended return) for the tax year in which it becomes a large bank. The reports are necessary to monitor the elections made by the taxpayer.

USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

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.

EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible.

METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

Not applicable.

CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

Not applicable.

SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE

INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

Not applicable.

. 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 December 12, 1990 (55 FR 51124). The final regulations were published in the **Federal Register** on December 29, 1993 (58 FR 68753).

We received no comments during the comment period in response to the **Federal Register** notice dated December 9, 2011 (76 FR 77052).

. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

Not applicable.

. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and return information are confidential as required by 26 USC 6103.

. JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The burden estimation was arrived at after consultation with representatives of the Office of the Comptroller of the Currency and the American Bankers Association as to the number of potential respondents.

Section 1.585-8 establishes a reporting requirement in cases in which large banks elect (1) to include in income an amount greater than that prescribed by the Code; (2) to use the elective cut-off method of accounting; or (3) to revoke any elections previously made. We estimate that it will affect 2,500 respondents and that it will take them 0.25 hour each to complete the requirement. The total estimated burden is 625 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 December 9, 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.

