

SUPPORTING STATEMENT  
REG-208172-91  
TD 8787 (final)

30304. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

This document contains final and temporary regulations that provide ordering rules for the reduction of bases of property under sections 108 and 1017 of the Internal Revenue Code of 1986. The regulations will affect taxpayers that exclude discharge of indebtedness income from gross income under section 108.

2 USE OF DATA

The Service will use the information described under 1, above, to verify that taxpayers and affected partnerships have complied with the Code.

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

The notice of proposed rulemaking was published in the **Federal Register** on January 7, 1997 (62 FR 955). Written comments were received in response to the notice of proposed rulemaking. One speaker provided testimony at a public hearing held on May 29, 1997.

After consideration of all the comments, the proposed regulations under sections 108 and 1017 are adopted, as revised by this Treasury decision. The final regulations were published in the **Federal Register** on October 22, 1998 (63 FR 56559).

We received no comments during the comment period in response to the **Federal Register** notice dated June 11, 2012 (77 FR 34461).

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

Section 1.108-4 of the regulations requires a taxpayer to file Form 982, Reduction of Tax Attributes Due to Discharge of Indebtedness (and Section 1082 Basis Adjustment), to make an election under section 108(b)(5) to exclude discharge of indebtedness income from gross income under section 108(a)(1)(A), (B), or (C). The burden for this requirement is reflected in the burden of Form 982.

Section 1.1017-1(f) of the regulations requires a taxpayer to check the appropriate box on Form 982 to obtain the benefits of the election regarding section 1221(1) real property. The burden for this requirement is reflected in the burden of Form 982.

Section 1.1017-1(g) of the regulations requires a taxpayer to attach a statement provided by each consenting partnership. This statement must contain the name, address, and taxpayer identification number of the partnership; state that the partnership has reduced the partner's share of the adjusted bases of the partnership's depreciable property or depreciable real property, whichever is applicable, to the extent that the partner's adjusted basis in the partnership interest has been reduced under section 1017(b)(3)(C), section 1017(b)(3)(F), or section 1017(b)(4)(C), whichever is applicable; identify both the properties and the amounts of basis reduction; and include the partnership's tax matters partner's signature under penalties of perjury. We estimate that 2,000 partnerships will be affected by the partnership provisions in the regulation, that each partnership will prepare five (5) statements, and that each partnership will require one (1) hour, an average, to prepare each statement. The total burden for this requirement is 10,000 hours (2,000 x 5 x 1).

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 June 11, 2012 (77 FR 34461), 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 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.

**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.