

Supporting Statement  
(Revenue Procedure 2002-67)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Under the revenue procedure, taxpayers who invested in a “contingent liability” tax shelter identified in prior published guidance as not producing the tax benefits claimed by investors may elect to participate in a settlement initiative. Upon making such election, a taxpayer must provide to the Internal Revenue Service, on a one-time-only basis, certain specified information relevant to the taxpayer’s participation in the contingent liability tax shelter. The taxpayer must also certify to the Internal Revenue Service that it complied with section 351 of the Internal Revenue Code and the transactional documents. If the taxpayer elects to use the fast track dispute resolution methodology, the taxpayer is permitted, but not required, to submit additional material supporting their position.

2. USE OF DATA

The Internal Revenue Service will use the information provided by the taxpayer to determine whether the taxpayer may participate in the settlement methodologies described in the revenue procedure. The Internal Revenue Service will also use the information for further factual development and presentation of its position during dispute resolution procedures, which may include submission of these materials to a third-party neutral arbitrator.

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 by tailoring the information requested to the needs of the settlement initiative. The revenue procedure describes the materials to be submitted by the taxpayer.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER 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 2002-67 was published in the **Internal Revenue Bulletin** on October 20, 2002 (2002-43 IRB 733).

We received no comments during the comment period in response to the **Federal Register** notice (77 FR 60022), dated October 1, 2012.

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

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Internal Revenue Service and Treasury employees who participate in any way in the settlement procedures described in this revenue procedure and, pursuant to section 6103(n) of the Internal Revenue Code of 1986, as amended, any person under contract to the Internal Revenue Service, including the Arbitrator, that the Internal Revenue Service invites to participate are subject to the confidentiality and disclosure provisions of the Code, including sections 6103, 7213, and 7431.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The collection of information in this announcement is in the sections titled APPLICATION PROCESS, FIXED CONCESSION PROCEDURE and FAST TRACK DISPUTE RESOLUTION PROCEDURE - CONTINGENT LIABILITY CASES. This

information is required to apply the terms of the settlements set forth in this announcement and determine the appropriate amount of penalties due, if any. The information will be used to determine whether the taxpayer has reported the disclosed items properly for income tax purposes. The estimated number of respondents is 150, the estimated numbers of hours per respondent is 50, and the total annual reporting burden is estimated to be 7,500 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 October 1, 2012, 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. ESTIMATE ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Not applicable.

15. REASON 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. REASON 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.