

**SUPPORTING STATEMENT
(LR-255-82)**

TD 7852 – Registration Requirements with Respect to Debt Obligations

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 310 of the Tax Equity and Fiscal Responsibility Act of 1982 (Pub. L. 97-248, 96 Stat. 595) generally requires that all obligations be issued in registered form. The statute requires that obligations be issued in registered form rather than bearer form by denying certain tax benefits to both issuers and holders of bearer obligations. For example, the issuer will be denied an interest deduction under section 163 if a registration-required obligation is not issued in registered form. Additionally, interest on an obligation that otherwise would be exempt from taxation under section 103 will not be exempt unless the obligation is issued in registered form.

Congress believed that a fair and efficient system of information reporting and withholding could not be achieved with respect to interest-bearing obligations as long as a significant volume of unregistered long-term instruments were being issued. Congress decided that a system of book-entry registration would preserve the liquidity of obligations while requiring the creation of ownership records that could produce useful information reports with respect to both the payment of interest and the sale of obligations prior to maturity through brokers. The registration system reduces the ability of noncomplying taxpayers to conceal income and property from the reach of income, estate, and gift taxes. The registration requirement also reduces the volume of readily negotiable substitutes for cash available to persons engaged in illegal activities.

2. USE OF DATA

The regulation provides that an issuer of a registration required obligation and any person holding the obligation as a nominee or custodian on behalf of another shall maintain ownership records in a manner which will permit examination by the IRS in connection with enforcement of the Internal Revenue laws.

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**

We have been able to reduce the burden to small issuers by giving them the option of using a book entry system instead of a physical certificate system.

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**

In response to the *Federal Register* notice dated August 3, 2012 (77 FR 46559), we received no comments during the comment period regarding TD 7852 (LR-255-82).

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 5f.103-1(c) of this regulation requires bond issuers and their agents to maintain ownership records that can be inspected by the IRS in connection with enforcement of the Internal Revenue laws.

We estimate that 50,000 recordkeepers will be affected and that the annual burden per recordkeeper will be 1 hour. The total burden for recordkeepers is estimated to be 50,000 hours.

Recordkeepers.....	50,000
Time per recordkeeper.....	<u>x 1 hour</u>
Total burden.....	50,000

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 August 3, 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 responses from taxpayers on this subject. As a result, estimates of these 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.