

SUPPORTING STATEMENT
REG-103805-99 (TD 9002 - final)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The collection of information is necessary in order for a terminating common parent of a consolidated group to designate a substitute agent for the group and receive the approval of the Commissioner, or for a default substitute agent to notify the Commissioner that it is the default substitute agent.

REG-142561-07 proposes amendments to 26 CFR part 1 under section 1502 of the Internal Revenue Code of 1986 (Code). Section 1.1502-77 provides the existing regulations concerning the agent for a group and the designation of a new agent to act for the group. Section 1.1502-77 was promulgated in 2002 in TD 9002 (June 28, 2002) (67 FR 43538), and supplemented by TD 9255 (71 FR 13001) (March 14, 2006) and TD 9343 (72 FR 40066) (July 23, 2007) (each providing authority to replace the common parent as agent where the parent is a foreign entity).

2. USE OF DATA

The information will notify the Commissioner that the group's terminating common parent has designated a substitute agent to act for the group or that the terminated common parent's successor is a default substitute agent. The Commissioner will use the information to determine whether to approve the designation of the substitute agent (if approval is required) and to change official records to reflect the information about the substitute agent.

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

On September 26, 2000, a notice of proposed rulemaking (REG-103805-99) relating to the agent for the group was published in the **Federal Register** (65 FR 57755). No public hearing was requested or held. Written comments responding to the notice of proposed rulemaking were received.

A final regulation (TD 9002), was published in the **Federal Register** on December 19, 2002 (67 FR 77678).

Proposed regulations, REG-142561-07, were published in the Federal register on May 30, 2012 (77 FR 31786) containing proposed amendments to the regulations regarding the agent for an affiliated group that files a consolidated return (consolidated group).

We received no comments during the comment period in response to the **Federal Register** notice dated October 26, 2012, (77 FR 65447).

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

§1.1502-77(d): Before going out of existence, the group's common parent is required to notify the Commissioner and designate another corporation to be the group's substitute agent pursuant to §1.1502-77(d)(1). If the common parent does not designate a substitute agent but its successor qualifies as a default substitute agent under §1.1502-77(d)(2), the successor must notify the Commissioner that it is the default substitute agent. In addition, the designated or default substitute agent should include a signed statement indicating its agreement to serve as the group's agent. If the designated or default substitute agent is the successor of the common parent or another member of the group, a signed statement from the successor that it is liable for the consolidated tax is also required. It is estimated the above requirements will affect **100 respondents per year**, with a burden of approximately **2 hours per respondent**, for an annual burden of **200 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 26, 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. 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.

OMB EXPIRATION DATE

We believe the public interest will be better served by not printing an expiration date on the form(s) in this package.

Printing the expiration date on the form will result in increased costs because of the need to replace inventories that become obsolete by passage of the expiration date each time OMB approval is renewed. Without printing the expiration date, supplies of the form could continue to be used.

The time period during which the current edition of the form(s) in this package will continue to be usable cannot be predicted. It could easily span several cycles of review and OMB clearance renewal. In addition, usage fluctuates unpredictably. This makes it necessary to maintain a substantial inventory of forms in the supply line at all times. This includes supplied owned by both the Government and the public. Reprinting of the form cannot be reliably scheduled to coincide with an OMB approval expiration date. This form may be privately printed by users at their own expense. Some businesses print complex and expensive marginally punched continuous versions, their expense, for use in their computers. The form may be printed by commercial printers and stocked for sale. In such cases, printing the expiration date on the form could result in extra costs to the users.

Not printing the expiration date on the form(s) will also avoid confusion among taxpayers who may have identical forms with different expiration dates in their possession.

For the above reasons we request authorization to omit printing the expiration date on the form(s) in this package.