

**SUPPORTING STATEMENT**  
**Revenue Procedure 2003-48**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

This revenue procedure modifies and amplifies Rev. Proc. 96-30, a checklist questionnaire that is used to facilitate taxpayers in the filing and processing of ruling requests under §355 of the Internal Revenue Code (§ 355 of the Code provides for the federal income tax consequences of the distribution of the stock of controlled corporations).

The revenue procedure will require taxpayers to provide information regarding each corporate business purpose for the distribution of the stock of a controlled corporation as well as a representation as to the corporate business purpose for the distribution. The information provided by taxpayers will facilitate them in obtaining a letter ruling under §355, which requires a valid corporate business purpose under the regulations promulgated thereunder. The Service is seeking the new representation to provide information as to the corporate business purpose for the distribution.

Moreover, the Service is requiring taxpayers to provide copies of regulatory filings documents . See section 4.04 of the revenue procedure.

The revenue procedure also requires taxpayers to represent that there is no device to distribute the earnings and profits of Distributing or Controlled or both (this is a statutory requirement of § 355).

Section 4.03 of the revenue procedure requires taxpayers to provide one or more representations that the distribution is not part of a plan (or series of related transactions) under § 355(e). If the representation(s) cannot be provided by a taxpayer, an explanation must be provided. The requested representation(s) or additional background information and explanations will assist the Service and taxpayers alike to determine whether related significant issues (for which the Service may rule) exist. This requirement will facilitate taxpayers in obtaining a letter ruling more expeditiously. Section 355(e) is a statutory requirement enacted in the Internal Revenue Code in 1997.

The revenue procedure provides that the Service will no longer entertain requests for a ruling where either the Service previously declined to issue a ruling or where the taxpayer requests a supplemental ruling. See sections 4.05 and 4.06 of the proposed revenue procedure.

2. USE OF DATA

The information requested from taxpayers is to be used by employees in the National Office and revenue agents in the Field with respect to a request for a private letter ruling under §355. Section 355, in general, pertains to distributions of stock of controlled

corporations. If the requirements of § 355 are met, the transaction will be considered a nonrecognition event. The information requested in the revenue procedure is necessary to ensure that the taxpayer is representing that the requirements of §355 are met.

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 BUSINESS 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

Revenue Procedure 2003-48 was published in the **Internal Revenue Bulletin** on July 21, 2003 (2003-29 IRB 86).

We received no comments during the comment period in response to the **Federal Register** notice dated October 9, 2012 (77 FR 61474).

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

It is estimated that 180 corporate taxpayers annually will apply for a letter ruling request under § 355. The information will be used to determine whether a taxpayer qualifies for a favorable letter ruling under § 355. The estimated annual burden per respondent varies from 150 to 250 hours depending on the circumstances. It is estimated that the average reporting burden per respondent will be 200 hours. Accordingly, the estimated annual reporting burden is 36,000 hours.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENT

As suggested by OMB, our **Federal Register** notice dated October 9, 2012 (77 FR 61474), 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 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 not appropriate 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 83-1

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.