

**SUPPORTING STATEMENT FOR PAPERWORK
REDUCTION ACT SUBMISSION (NOTICE 2006-46)**

(1) CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Final regulations were issued on January 23, 2006 permitting transactions effected under the statute of a foreign jurisdiction or a U.S. possession to qualify as a statutory merger or consolidation for purposes of section 368(a)(1)(A). This qualification generally allows a corporate merger or consolidation to be tax free for U.S. purposes. As a result of this regulatory change, a foreign corporation distributing stock of a U.S. real property holding company (USRPHC) to its shareholders pursuant to an inbound section 368(a)(1)(A) (“A”) reorganization or a foreign corporation transferring a U.S. real property interest (USRPI) to another foreign corporation pursuant to an “A” reorganization may be permitted to defer recognition of its section 897 gain on the transfer if certain requirements are met. One such requirement is that the foreign transferor corporation will be required to satisfy certain reporting requirements applicable to transferors in corporate reorganizations currently qualifying for nonrecognition. The specific collections of information are contained in Temp. Treas. Reg. §§ 1.897-5T(c)(4)(ii)(C), 1.897-6T(b)(1), and 1.897-5T(d)(1)(iii) (as modified by Notice 89-57, 1989-1 C.B. 698). Generally, they may be satisfied by: (1) filing the information statement required by § 1.897-5T(d)(1)(iii); (2) filing a notice of nonrecognition to the IRS in accordance with the provisions of Treas. Reg. § 1.1445-2(d)(2); or (3) filing a withholding certificate in accordance with the requirements of Treas. Reg. § 1.1445-3.

(2) USE OF THE DATA

These filing requirements require the corporate transferor notify the IRS of the transfer. The information provided will be used on audit by revenue agents to verify that the transferor qualified for nonrecognition and that the transferee will be subject to tax of a subsequent disposition of the transferred USRPI.

(3) USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We have no plans to offer electronic filing. IRS publication, 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 OF 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

This notice was published in the Internal Revenue bulletin on June 12, 2009 (IRB 2006-24, page 1044)

In response to the Federal Register Notice dated October 19, 2012 (77 FR 64377), we received no comments during the comment period regarding Notice 2006-46.

(9) EXPLANATION OF DECISIONS 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 U.S.C. § 6103.

(11) JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

(12) ESTIMATED BURDEN OF INFORMATION COLLECTION

Temp. Treas. Reg. §§ 1.897-5T(c)(4)(ii)(C) and 1.897-6T(b)(1) require a transferor foreign corporation seeking to qualify for gain nonrecognition under §§ 1.897-5T(c)(4)(ii) and 1.897-6T(b) to satisfy the filing requirements of Temp. Treas. Reg. 1.897-5T(d)(1)(iii). These requirements, as modified by Notice 89-57, 1989-1 C.B. 698, may be satisfied in one of three ways: (1) filing the information statement detailed in

Temp. Treas. Reg. § 1.897-5T(d)(1)(iii); (2) filing a notice of nonrecognition to the IRS in accordance with the requirements of Treas. Reg. § 1.1445-2(d)(2); or (3) filing a withholding certificate in accordance with the requirements of Treas. Reg. § 1.1445-3. We estimate that 500 transferors will be required to make this filing annually and that it will take 1 hour to prepare. The total reporting burden is estimated to be 500 hours.

Estimates of the annualized costs to respondents for the hour burdens shown are not available at this time.

(13) ESTIMATED TOTAL ANNUALIZED COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice dated October 19, 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 ANNUAL COST TO FEDERAL GOVERNMENT

Not applicable.

(15) REASONS FOR CHANGE IN BURDEN

There are no changes 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 renewals 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 and 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.