

## SUPPORTING STATEMENT

### 1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Revenue Procedure 2010-19 provides guidance for individuals who emigrate from Canada and wish to make an election for U.S. federal income tax purposes. Article XIII(7) of the U.S-Canada Income Tax Treaty (the "Treaty"), as amended by the 2007 Protocol, provides for an election to any individual who emigrates from Canada to the United States, without regard to whether the individual is a U.S. citizen immediately before ceasing to be a resident of Canada (or would otherwise have been subject to U.S. tax on an actual disposition of property). If the individual is not subject to U.S. tax at that time, the effect of the election is to give the individual an adjusted basis for U.S. tax purposes equal to the fair market value of the property as of the date of the deemed alienation in Canada, with the result that only post-emigration gain will be subject to U.S. tax when there is an actual alienation. If the Canadian resident is also a U.S. citizen at the time of his emigration from Canada, or the Canadian resident would be subject to taxation in the United States on a disposition of the property, then the rule allows the U.S. citizen to accelerate the tax under U.S. tax law and allows tax credits to be used to avoid double taxation.

In order to take advantage of this election, this revenue procedure provides that the individual must attach documentation establishing the fair market value of the property at the time of the deemed alienation in Canada and confirming that built in gain (or loss if permitted) was recognized for Canadian tax purposes in the taxable year of the deemed alienation. The individual must also retain copies of this documentation, along with Form 8833, until the property is disposed of.

### 2. USE OF DATA

Regarding Revenue Procedure 2010-19, the Service will use the information for audit purposes to confirm that such individual taxpayer, upon making the election provided in this revenue procedure, can get the appropriate adjustment to basis for U.S. tax purposes and can take advantage of foreign tax credits that may be available under the Code and the Treaty.

### 3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Electronic filing is available for Form 8833.

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

Revenue Procedure 2010-19 was published in the Internal Revenue Bulletin (2010-13 I.R.B. 469), on March 29, 2010, to provide guidance for individuals who emigrate from Canada and wish to make an election for U.S. federal income tax purposes under paragraph 7 of Article XIII (Gains) of the Convention between the United States of America and Canada with Respect to Taxes on Income and on Capital, signed on September 26, 1980, as amended by Protocols signed on June 14, 1983, March 28, 1984, March 17, 1995, July 29, 1997, and September 21, 2007 (the "Treaty") with respect to property that is subject to Canadian departure tax under Canada's deemed alienation rules (the terms "alienation" and "disposition" are used interchangeably throughout this revenue procedure).

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding Form 8833.

In response to the Federal Register notice (78 FR 24812), dated April 26, 2013, we received no comments during the comment period regarding these proposed and temporary regulations.

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

**The burden estimate is as follows:**

<u>Form</u>	<u>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
8833	4,000	6 hrs 23 min	25,640
RP 2010-19	100	1 hr	<u>100</u>
			<b>Total</b>
			<b>25,740</b>

**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 (78 FR 24812), dated April 26, 2013, 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 were no changes made to the document that resulted in any change to the burden previously reported to 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 83-1

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.