



OFFICE OF
CHIEF COUNSEL

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DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

MEMORANDUM FOR R. Joseph Durbala,
W:CAR:MP:FP:S

FROM: Grant D. Anderson

SUBJECT: Amplification, Clarification, Modification, and Superseding of
Rev. Proc. 2008-52, as amplified, clarified, and modified by Rev.
Proc. 2009-39

We request that the attached revenue procedure, Rev. Proc. 2010-~~XX~~, be submitted for approval to the Office of Management and Budget (OMB) under the streamlined procedure.

We originally received OMB approval for Rev. Proc. 97-36, Rev. Proc. 97-37, Rev. Proc. 97-38, and Rev. Proc. 97-39 on July 30, 1997, under control number 1545-1551. Rev. Proc. 97-37 was revised and reissued as Rev. Proc. 98-60, also under control number 1545-1551, on December 21, 1998. In turn, Rev. Proc. 98-60 was revised and reissued as Rev. Proc. 99-49, also under control number 1545-1551, on December 27, 1999, and Rev. Proc. 99-49 was revised and reissued as Rev. Proc. 2002-9. On August 5, 2008, Rev. Proc. 2002-9 was revised and reissued as Rev. Proc. 2008-52, also under control number 1545-1551. On August 27, 2009, Rev. Proc. 2008-52 was amplified, clarified, and modified by Rev. Proc. 2009-39. On September 4, 2009, Rev. Proc. 2009-39 was modified by Announcement 2009-67 which reduced some of the burden calculations that were disclosed in the Paperwork Reduction Act analysis for Rev. Proc. 2009-39.

In general, Rev. Proc. 2010-~~XX~~ continues to have the same requirements as Rev. Proc. 2008-52, as amplified, clarified, and modified by Rev. Proc. 2009-39. The areas in which the requirements are changed by Rev. Proc. 2010-~~XX~~ are described below.

First, section 6.24 of the APPENDIX of Rev. Proc. 2008-52, as modified by Rev. Proc. 2009-39, (concerning dispositions of a structural component of a building) required a taxpayer making an accounting method change under this section to prepare and attach a statement. Rev. Proc. 2010-~~XX~~ modifies this requirement by asking whether a taxpayer is a public utility. A public utility making a change under this section is required to provide a statement that the taxpayer agrees to be subject to additional terms and conditions, and required to provide a copy of the application to the regulatory authority that has jurisdiction over the public utility property that is subject to the application. The number of respondents making a change under this change number will not be affected. However, the time burden required to complete the application will be impacted with this additional statement. We estimate that approximately 100 taxpayers per year will be impacted with this change, and that the time required to prepare the required statement is approximately 10 minutes. The estimated burden is 16.67 hours.

Second, there is also a reduction in burden under section 6.24 of Rev. Proc. 2008-52, as modified by Rev. Proc. 2009-39. Section 6.24 required taxpayers to provide three copies of the Form 3115 to various IRS offices. The requirement to file the third copy is removed from the filing requirements under Rev. Proc. 2010-~~XX~~. We estimate that approximately 150 taxpayers per year make this change, and that the estimated time required to prepare the additional required application was 5 minutes. The estimated reduction in burden is 12.50 hours.

Third, section 6.25 of the APPENDIX of Rev. Proc. 2008-52, as modified by Rev. Proc. 2009-39, (concerning dispositions of tangible depreciable assets (other than a building or its structural components) required a taxpayer making an accounting method change under this section to prepare and attach a statement. Rev. Proc. 2010-~~XX~~ modifies this requirement by asking whether a taxpayer is a public utility. A public utility making a change under this section is required to provide a statement that the taxpayer agrees to be subject to additional terms and conditions, and is required to provide a copy of the application to the regulatory authority that has jurisdiction over the public utility property that is subject to the application. The number of respondents making a change under this change number will not be affected. However, the time burden required to complete the application will be impacted with this additional statement. We estimate that approximately 100 taxpayers per year will make this change, and that the time required to prepare the required statement is approximately 10 minutes. The estimated burden is 16.67 hours.

Fourth, there is also a reduction in burden under section 6.25 of Rev. Proc. 2008-52, as modified by Rev. Proc. 2009-39. Section 6.25 required taxpayers to provide three copies of the Form 3115 to various IRS offices. The requirement to file the third copy is removed from the filing requirements under Rev. Proc. 2010-~~XX~~. We

estimate that approximately 150 taxpayers per year make this change, and that the estimated time required to prepare the additional required application was 5 minutes. The estimated reduction in burden is 12.50 hours.

Fifth, section 15.11 of the APPENDIX of Rev. Proc. 2001-~~XX~~ (advance payments – change in applicable financial statements (AFS)) requires a taxpayer making a change under this section to prepare and attach a statement in lieu of a Form 3115, to its tax return for the year of change that sets forth the following information: (1) the designated automatic accounting method change number; (2) the taxpayer's name and employer identification number for each applicant making the change; (3) the type of AFS used by the taxpayer; (4) the year of change (beginning and ending dates); (5) a detailed and complete description of each type of item affected by the change in revenue recognition and the line number where the affected item is reflected on the income tax return for the year of change; and (6) a detailed description of the basis used for deferral (i.e., the method taxpayer uses in its applicable financial statement or how the taxpayer determines amounts earned, as applicable) both before and after the change in the revenue recognition policy for the applicable financial statement. We estimate that approximately 70 taxpayers per year will make this change, and that the time required to prepare the required statement and to submit the additional copy of Form 3115 is approximately 1.5 hours. The estimated burden is 105 hours.

Sixth, section 29.01 of the APPENDIX of Rev. Proc. 2010-~~XX~~ (change in functional currency) requires a taxpayer making a change under this section to prepare and attach a statement to the Form 3115 that presents the following information: (1) represent that it has made the adjustments set forth in § 1.985-5 or § 1.985-8(c); (2) provide the amount of any unrealized exchange gain or loss required to be taken into account pursuant to § 1.985-5 or § 1.985-8(c); (3) provide the date on which a taxpayer took such amount into account; and (4) provide a detailed and complete description of any other adjustments required pursuant to § 1.985-5 or § 1.985-8(c). The number of respondents making a change under this change number will not be affected. However, the time burden required to complete the application will be impacted with this additional statement. We estimate that approximately 200 taxpayers per year will make this change, and that the time required to prepare the required statement and to attach it to the copy of the Form 3115 is approximately 12 minutes. The estimated burden is 40 hours.

Seventh, Rev. Proc. 2008-52, as amplified, clarified, and modified by Rev. Proc. 2009-39, required sections 6.01, 6.02, 6.04, 6.05, 6.06, 6.07, 6.08, 6.09, 6.10, 6.11, 6.12, 6.14, 6.15, 6.16, 6.17, 6.18, 6.19, 6.20, 6.21, 6.22, 6.23, 6.24, 6.25, 9.01, and 9.02 of the APPENDIX to provide a copy of the application to the national office. However, Rev. Proc. 2010-XX modifies the filing requirements for these sections and requires the copy of the application to be provided to the IRS office in Ogden, UT. Rev.

Proc. 2010-~~XX~~ does not change the quantity of copies required to be provided, and therefore there will be no increased burden for purposes of the PRA. However, this change is included in the PRA analysis to provide an adequate and full disclosure of the filing changes being made in Rev. Proc. 2010-~~XX~~.

Except for the instances described above, the burden descriptions and calculations for Rev. Proc. 2008-52, as amplified, clarified, and modified by Rev. Proc. 2009-39, remain the same. Accordingly, with respect to Rev. Proc. 2010-~~XX~~, we estimate that the total number of respondents will be 14,130 and the total annual recordkeeping and reporting burden is 15,359.34 hours.

Thank you for your attention to this matter. Please contact me at (202) 622-7023 with any questions or comments.

Rev. Proc. 2010-~~XX~~ burden calculations:

Existing burden for Rev. Proc. 2008-52, as amplified, clarified, and modified by Rev. Proc. 2009-39, and modified by Announcement 2009-67:

Existing Burden:	14,060 respondents	15,206 hours
Plus: § 6.24*		16.67 hours
§ 6.25*		16.67 hours
§ 15.11	70 respondents	105.00 hours
§ 29.01*		40.00 hours
Minus: § 6.24**		12.50 hours
§ 6.25**		12.50 hours

Revised burden for Rev. Proc. 2010-~~XX~~ 14,130 respondents 15,359.34 hours.

*The number of respondents making a change under these change numbers will not be affected. However, the time it takes these respondents to complete the application is impacted. Thus, only the time burden will be affected in this analysis.

**These respondents making a change under these change numbers continue to have the requirement to file a Form 3115. The time burden is reduced because it will take a shorter time to complete the filing requirements. The number of respondents will not be affected in this analysis.