

SUPPORTING STATEMENT

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Many Federal income tax regulations require taxpayers to attach a statement on or with their Federal income tax returns in order to make an election, or claim the treatment, allowed by that regulation. Some of these regulations further require taxpayers to sign that statement and, in some cases, also require a third party to sign that statement. This signature requirement presents an impediment to taxpayers e-filing these returns. Starting in 2006, large corporations (as defined by the program) are required to e-file their returns. To eliminate this impediment in these regulations, the Treasury Department will publish temporary regulations to amend these regulations by eliminating this signature requirement. Final regulations were release that provide guidance to taxpayers for determining which corporations are included in a controlled group of corporations. This regulation is being published to replace an expiring temporary regulation.

2. USE OF DATA

The collection of information (in the form of an unsigned statement) will be the means by which taxpayers will make an election, or claim the treatment, allowed by a particular regulation. The Internal Revenue Service agent will use this information to determine whether to audit this transaction.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Because these regulations remove the signature requirement for statements to be attached on or with Federal income tax returns, taxpayers will be able to e-file such returns.

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 December 22, 2006, the IRS and the Treasury Department published several temporary regulations, including § 1.1563-1T. See TD 9304 (71 FR 76904), 2007-1 CB 423. Also on December 22, 2006, the IRS and the Treasury Department issued a notice of proposed rulemaking cross-referencing those temporary regulations. See REG-161919-05 (71 FR 76955), 2007-1 CB 463. Section 1.1563-1T was also amended by the publication of a temporary regulation on December 26, 2007. See TD 9369 (72 FR 72929), 2008-6 IRB 394. Also on December 26, 2007, the IRS and Treasury Department issued a notice of proposed rulemaking crossreferencing that temporary regulation.

See REG-104713-07 (72 FR 72970), 2008-6 IRB 409. Section 1.1563-1T republished § 1.1563-1 to conform it to current formatting conventions. It was not intended that any such reformatting constitute a substantive change. See § 3.A of the preamble to TD 9304.

Treasury decision 9304 also removed § 1.1563-1. Section 1.1563-1T provides guidance to taxpayers for determining which corporations are included in a controlled group of corporations. This Treasury decision adopts the proposed regulation § 1.1563-1 with no substantive changes. In addition, this Treasury decision removes the corresponding temporary regulation, § 1.1563-1T.

This Treasury decision does not adopt the other proposed regulations that were published as part of TD 9304. Those proposed regulations are now found in REG-113688-09, and their status will be addressed at a later date. The IRS and the Treasury Department received no written or electronic comments from the public in response to the notice of proposed rulemaking and no public hearing was requested or held.

We received no comments during the comment period in response to the Federal Register notice dated October 11, 2012 (77 FR 61829).

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 the total annual reporting burden will be 375,000 hours. The estimated average annual burden per respondent will be approximately 1.66 hours. The estimated number of respondents is 225,000.

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information are not available at this time.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice dated October 11, 2012 (77 FR 61829), 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 the 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

The revised collection of information in these proposed regulations is in §§1.332-6, 1.351-3, and 1.368-3. By requiring that taxpayers separately report the fair market value and basis of property (including stock) described in section 362(e)(1)(B) and in 362(e)(2)(A) that is transferred in a tax-free transaction, this revised collection of information aides in identifying transactions within the scope of sections 334(b)(1)(B), 362(e)(1), and 362(e)(2) and thereby facilitates the IRS' verification that taxpayers are complying with sections 334(b)(1)(B), 362(e)(1), and 362(e)(2).

The net result of these changes will result in a decrease in the estimated annual responses by 125,000, while increasing the estimate burden hours by 112,500 hours.

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.