

SUPPORTING STATEMENT

OMB #1545-2175

Form 8942 - Application for Certification of Qualified Investments Eligible for Credits; Notice 2010-45 - Qualifying Therapeutic Discovery Project Credit

CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

On March 23, 2010, the President signed the Patient Protection and Affordable Care Act (Act) (Pub. L. 111-148). Section 9023(a) of the Act adds section 48D to the Internal Revenue Code. Section 48D provides a 50-percent nonrefundable investment tax credit, and corresponding grant in lieu of a tax credit, for qualified investments in qualifying therapeutic discovery projects. The credit and grant are designed to encourage investments in new therapies relating to diseases.

USE OF DATA

Qualifying Therapeutic Discovery Project (QTDP) Credit, Notice 2010-45, provides the procedures under which an eligible taxpayer may apply for certification from the Internal Revenue Service, in consultation with the Department of Health and Human Services (HHS), of a qualified investment with respect to a qualifying therapeutic discovery project as eligible for a credit or grant under the qualifying therapeutic discovery project program established by section 9023(a) of the Patient Protection and Affordable Care Act of 2010.

Use Form 8942 to apply, under the QTDP program, for certification of qualified investments eligible for a QTDP credit and a grant in lieu of the QTDP credit.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The HHS portion of the application utilizes web-based tool (fillable form). It has not been determined whether the IRS portion (Form 8942) of the application will utilize electronic filing.

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

We have attempted to minimize the burden on small businesses or other small entities by creating one application process.

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

The statute requires that we work in consultation with HHS on the establishment of the program. We have also met with outside stakeholders to discuss the form of the notice and the required procedural elements of the notice. Notice 2010-45 (2010-23 I.R.B. 734) was published on June 7, 2010.

Periodic meetings are held between IRS personnel and representatives of various professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding the collection requirements under Notice 2010-45 and Form 8942.

In response to the *Federal Register* notice (78 FR 46414), dated July 31, 2013, we received no comments during the comment period.

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

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the "Business Master File (BMF)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.046-Customer Account Data Engine Business Master File. The Department of Treasury PIAs can be found at <http://www.treasury.gov/privacy/PIAs/Pages/default.aspx>

Title 26 USC 6109 requires inclusion of identifying numbers in returns, statements, or other

documents for securing proper identification of persons required to make such returns, statements, or documents and is the authority for social security numbers (SSNs) in IRS systems.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

	Number of Responses	Time for Recordkeepng	Time for Response	Total Hours
NOT-113712-10	1	----	1	1
Form 8942	1200	8.61 hrs.	3.51 hrs.	14,544
Total Burden				14,545

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, dated July 31, 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

After consultation with various functions within the Service, we have determined that the cost of developing, printing, processing, distribution and overhead for the form is \$50,000.

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

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.

We believe the public interest will be better served by not printing an expiration date on the form(s) in this package.

Printing the expiration date on the form will result in increased costs because of the need to replace inventories that become obsoleted by passage of the expiration date each time OMB approval is renewed. Without printing the expiration date, supplies of the form could continue to be used.

The time period during which the current edition of the form(s) in this package will continue to be usable cannot be predicted. It could easily span several cycles of review and OMB clearance renewal. In addition, usage fluctuates unpredictably. This makes it necessary to maintain a substantial inventory of forms in the supply line at all times. This includes supplies owned by both the Government and the public. Reprinting of the form cannot be reliably scheduled to coincide with an OMB approval expiration date. This form may be privately printed by users at their own expense. Some businesses print complex and expensive marginally punched continuous versions, at their expense, for use in their computers. The form may be printed by commercial printers and stocked for sale. In such cases, printing the expiration date on the form could result in extra costs to the users.

Not printing the expiration date on the form(s) will also avoid confusion among taxpayers who may have identical forms with different expiration dates in their possession.

For the above reasons we request authorization to omit printing the expiration date on the form(s) in this package.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT ON OMB FORM 83-I

Not applicable.