

**SUPPORTING STATEMENT**  
**OMB Control Number 1545-2197**  
**Election to Expense Certain Depreciable Assets**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Form 1097-BTC, Bond Tax Credit, is an information return used to report tax credit bond credits distributed to shareholders. Under The American Recovery and Reinvestment Act of 2009, section 1541--effective for tax years after February 17, 2009--regulated investment companies (RICs) can elect to pass through to shareholders credits from tax credit bonds, replacing the required pass-through of the credits. Shareholders of the RIC include in income, their proportionate share of the interest income attributable to the credits and are allowed the proportionate share of credits. (Code section 853A(b)(3). A RIC must report the shareholder's proportionate share of credits and gross income after the close of the RIC's tax year. Form 1097-BTC, Bond Tax Credit, has been designed to report to the taxpayers and the IRS the tax credit distributed. The Internal Revenue Code sections authorizing this collection are 6041 and 6049.

**2. USE OF DATA**

Form 1097-BTC will provide eligible taxpayers a standardized format to claim this credit.

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

Form 1097-BTC can be filed through the FIRE system.

**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**

The form is designed for a small business concern due to the statutory restrictions for eligibility.

**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**

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 1097-BTC.

In response to the *Federal Register* notice dated March 19, 2014 (79 FR 15384), we received no comments during the comment period regarding Form 1097-BTC.

**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.

**12. ESTIMATED BURDEN OF INFORMATION COLLECTION**

The burden estimate is as follows:

Form	Number of Responses	Time per Response	Total Annual Hours
1097-BTC	212	19 mins.	67

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 March 19, 2014, 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 ANNUALIZED COST TO THE FEDERAL GOVERNMENT**

The primary cost to the government consists of the cost of printing Form 1097-BTC. We estimate that the cost of printing the form is \$500.

**15. REASONS FOR CHANGE IN BURDEN**

This is an information return for reporting tax credit bond credits distributed to holders of tax credit bonds. Based on updated filing figures the estimates previously provided were much higher than actually received. The estimated number of responses is reduced from 101,630,369 to 212.

This reduction, along with recommendations from Treasury Counsel and the Information Reporting Program Advisory Committee, have fostered a change from a required quarterly filing to as-needed reporting, occurring at the end of a given month in which credits are actually distributed. This change will result in an estimated burden decrease of 33,537,955 hours per year.

The methodology used to calculate this burden has also been modified to better reflect more realistic filing requirements. This methodology is able to account for the use of today's technology more accurately. As a result, the expected time per response is reduced from the previous estimate of 8.15 hours to 19 minutes. This will decrease the estimated burden by 794,749,486 hours per year.

**16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION**

Not applicable.

**17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE**

See attachment.

**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.