

**SUPPORTING STATEMENT
TD 8702
OMB No. 1545-1478**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 367(a) provides that all transfers of property to foreign corporations in connection with certain transfers are taxable unless regulations provide otherwise. The Service believes that exceptions to the general statutory rule of taxation are appropriate only in cases where information is provided by taxpayers to the Service, indicating that the taxpayers qualify for the exceptions set forth in regulations.

2. USE OF DATA

The data will be used by the Service, in appropriate instances, to determine whether the taxpayer claiming an exception from taxation did so properly.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We have no plans to offer electronic filing. IRS publication, regulations, notices and letters are to be electronically enabled on as practicable basis in accordance with the IRS Reform and Restructuring Act of 1998.

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

A notice of proposed rulemaking (60 FR 66771) and temporary regulations (60 FR 66739) were published simultaneously in the *Federal Register* on December 26, 1995. The final regulations were published in the *Federal Register* on December 30, 1996 (61 FR 68633).

We received no comments during the comment period in response to the *Federal Register* notice (78 FR 69527), dated November 19, 2013.

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

This information collection does not collect personally identifiable information (PII).

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The U.S. target company must comply with the reporting requirements contained in this paragraph, Par. 2 (c)(6). The U.S. target company must attach to its timely filed U.S. income tax return for the taxable year in which the transfer occurs a statement titled "Section 367(a)-Reporting of Cross-Border Transfer Under Reg. § 1.367(a)-3(c)(6)," signed under penalties of perjury by an officer of the corporation to the best of the officer's knowledge and belief,

The collection of information is in §1.367(a)-3(c)(4), which requires U.S. target corporations to provide certain information to demonstrate that their shareholders qualify for the exceptions set forth in the regulations. We are estimating 10 hours for each of the 100 respondents annually for a total burden of 1,000 hours.

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 November 19, 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 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

Not applicable.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by 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 regulation sunsets 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.