

SUPPORTING STATEMENT
1545-1361
26 CFR Part 52 - Environmental Taxes
(§52.4681-1 thru §52.4682-5)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Sections 4681 and 4682 were enacted as part of the Omnibus Budget Reconciliation Act of 1989 (Public Law 101-239), which established an excise tax on the sale of chemicals which deplete the ozone layer and of products containing such chemicals. Further revisions were to the Code by the Revenue Reconciliation Act of 1990 (Public Law 101-508), the Omnibus Budget Reconciliation Act of 1990, and the Energy Policy Act of 1992, Public Law 102-486. Section 4681 of the Internal Revenue Code imposes a tax on the sale or use of ozone-depleting chemicals (ODCs) by the manufacturer or importer thereof and section 4682 provides special rules relating to certain ODCs.

Information collection requirements under Code sections were codified under Title 26 Part 52 require:

- Elections to treat the sale or use of mixtures containing zone-depleting chemicals as the first sale or use of the ozone-depleting chemicals contained in the mixtures and to treat the entry of products into the United States as the use of such products. (Form 6627).
- Certification requirements in order for a sale to be free from the tax on ozone-depleting chemicals; chemicals for use as medical sterilants; chemicals for use as propellants in metered-dose inhalers;
- Purchasers for export to provide a certificate to the manufacturer of the ODC and records relating to these sales.
- Request to modify the Imported Products Table.
- Inventory requirements with respect to floor stocks tax imposed on certain ODC.
- Registration for export or for resale for export by Manufacturers, importers, and purchasers (Form 637)
- Documents relating to proof of export.
- Documentation to repay or agree to repay the amount of the tax to the person that exported the ODC or to obtain the written consent of the exporter to the allowance of a credit or the making of a refund.

The following information collections are related to this specific regulation and will be consolidated into one collection in the future:

- (1) Section 52.4682-1(b)(2)(iii) of the regulations permits a manufacturer or importer to elect to treat the sale or use of mixtures containing ozone-depleting chemicals as the first sale or use of the ozone-depleting chemicals contained in the mixtures. An election is made on Form 6627. The burden for this reporting requirement is reflected on Form 6627 (#1545-0245).
- (2) Section 52.4682-2(b) and -2(d) provides that a seller must get a certificate described in section 52.4682-2(d) from the buyer in order for a sale to be free from the tax on ozone-depleting chemicals. We estimate that there are 200 respondents and it will take 6 minutes to complete the certificate and 6 minutes to retain the records. The total burden for this reporting requirement is 20 hours and is claimed under OMB #1545-1466; 20 hours for recordkeeping.
- (3) Section 52.4682-2(b)(3) of the regulations requires manufacturers of ozone-depleting-chemicals to obtain and retain certificates provided by purchasers of chemicals for use as medical sterilants. We estimate that 100 manufacturers will take 6 minutes to complete the certificate (claimed under OMB #1545-1466) and 0.1 hour to retain the records. The total burden for this recordkeeping requirement is 10 hours.
- (4) Section 52.4682-2(b)(4) of the regulations requires manufacturers of ODCs to obtain and retain certificates provided by purchasers of chemicals for use as propellants in metered-dose inhalers. We estimate that 100 manufacturers will take 6 minutes to complete the certificate (claimed under OMB #1545-1466) and 6 minutes to retain the records. The total burden for this recordkeeping requirement is 10 hours.
- (5) Section 52.4682-3(c)(2) of the regulations permits importers to elect to treat the entry of products into the United States as the use of such products. An election is made on Form 6627 (#1545-0245). The burden for this reporting requirement is reflected on Form 6627.
- (6) Section 52.4682-3(g) of the regulations provides rules for requesting that the Imported Products Table be modified. We estimate that approximately 100 persons will file requests for modification of the Table and that it will take them approximately one hour to prepare the request. The total burden for this reporting requirement is 100 hours.
- (7) Section 52.4682-4(f) of the regulations requires that on January 1, 1990, and later years, persons liable for floor stocks tax under section 4682(h) of the Code prepare and retain an inventory. We estimate that 150,000 persons must prepare an inventory and that it will take them 0.5 hour to complete. The total burden for this requirement is 75,000 hours.

- (8) Section 52.4682-5(d)(1)(i) of the regulations requires manufacturers, importers, and purchasers for export or for resale for export to register with the Service. We estimate that 500 persons will register. The burden for this reporting requirement is reflected on Form 637 (#1545-0014).
- (9) Section 52.4682-5(d)(3) of the regulations requires certain purchasers for export to provide a certificate to the manufacturer of the ODC and to retain records relating to these sales. We estimate that 500 persons will fill out these certificates and it will take them 6 minutes to complete and 6 minutes to retain the records. The total burden for this requirement is 50 hours for reporting (claimed under OMB #1545-1466) and 50 hours for recordkeeping.
- (10) Section 52.4682-5(d)(4) of the regulations requires purchasers for export to obtain documents relating to proof of export. We estimate that 250 persons will obtain and retain the documents and it will take them 6 minutes to retain the records. The total burden for this recordkeeping requirement is 25 hours.
- (11) Section 52.4682-5(f)(3) of the regulations requires manufacturers and importers of ODCs to obtain the documents required under § 52.4682-5(d)(4) and to either repay or agree to repay the amount of the tax to the person that exported the ODC or to obtain the written consent of the exporter to the allowance of a credit or the making of a refund. We estimate that 500 manufacturers will obtain and retain the consents and it will take 6 minutes to retain the records. The total burden for this recordkeeping requirement is 50 hours. (Reporting claimed under #1545-1466).

2. USE OF DATA

The data is used by the Internal Revenue Service and taxpayers to verify that the proper amount of tax is reported. It is also used by the Internal Revenue Service to determine whether modifications to the Imported Products Table are required.

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 an 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

We have been unable to reduce burden specifically for small businesses.

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

Public comment opportunities were solicited through the *Federal Register* on rulemaking actions to codify Code requirements under Part 52 of the Code of Federal Regulations. Comments received were summarized in the subsequent rulemaking actions.

- Temporary regulations (TD 8311) were published on September 6, 1990 (55 FR 36612), cross-referencing a notice of proposed rulemaking (PS-73-89) published on the same day (55 FR 36659), relating to tax imposed under sections 4681 and 4682 of the Code on ozone-depleting chemicals (ODCs) and on products containing ODCs, as added by the Omnibus Budget Reconciliation Act of 1989, Public Law 101-239.
- Temporary regulations (TD 8327) amending the existing temporary regulations to reflect changes made by the Revenue Reconciliation Act of 1990, Public Law 101-508, which imposed the tax on additional chemicals, were published January 2, 1991 (56 FR 18). A notice of proposed rulemaking (PS-97-90) cross-referencing the temporary regulations was published the same day (56 FR 50).
- Temporary regulations (TD 8356) amending the existing temporary regulations with respect to floor stocks tax imposed on certain ODCs, made by the Omnibus Budget Reconciliation Act of 1990, were published August 14, 1991 (56 FR 40246). A notice of proposed rulemaking (PS-60-91) cross-referencing the temporary regulations published on the same day (56 FR 40286).
- Final Regulations (TD 8370) were published November 4, 1991 (56 FR 56303).
- The notice of proposed rulemaking (PS-89-91) was published January 15, 1993 (58 FR 4625), which proposed changes made by the Energy Policy Act of 1992, Public Law 102-486.
- The final regulation (TD 8622) was published in the October 11, 1995 (60 FR 52848) that adopted NPRM dated January 15.

In response to the Federal Register Notice dated January 23, 2014, (79 FR 3922), we received one comment during the comment period regarding TD 8622.

A comment was received by Alliantgroup on March 24, 2014. The commenter believes that amending the ODC regulations to eliminate the beneficial provisions for ODCs used in metered dose inhalers (MDIs) while providing a one year grace period will be beneficial to all parties, consistent with both current and prior statutes, and within the Service's regulatory authority. The comment is not related to the paperwork burden for this renewal but will refer commenter to the new Priority Guidance Plan projects.

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

No personally identifiable information (PII) is collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The total burden for the above requirements is 75,265 hours, affecting 150,350 taxpayers.

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 January 24, 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

Not applicable.

15. REASONS FOR CHANGE IN BURDEN

Rulemaking requirements previously published separately as TD 8622 (#1545-1361) and TD 8370 (#1545-1153) have been combined and consolidated into a single ICR that encompasses the information collection requirements prescribed by 26 CFR Part 52, Environmental Taxes. Additional adjustments have been made to correspond with third-party disclosure burden cleared under #1545-1466.

We combined the two ICR's in order to eliminate redundancy and duplicate reporting of burden. An adjustment of an additional 149,045 responses and 75,064 burden hours is requested; for a total burden 75,265 hours. This submission is being made to revise and 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

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.