

SUPPORTING STATEMENT
OMB 1545-2084
Foreign Based Importers Questionnaire

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Foreign corporations are subject to U.S Income Tax on income that is effectively connected with a U.S. trade or business and are required to file a U.S Income tax return reporting taxable income. A Compliance Initiative Project (CIP) was approved (project code 0564) to investigate a select group of foreign corporate importers to determine if the importer has a U.S. Income Tax return filing requirement. However, based on the public information available, it is not readily determinable without further research that US Income Tax compliance has been fulfilled. The Integrated Data Retrieval System (IDRS) is utilized to determine if filing compliance has been met. If an importer does not appear to have complied with filing requirements or if the importer has filed a protective Form 1120-F, contact with the foreign importer will be initiated requesting further information to draw a conclusion on US tax liability. A contact letter is sent to taxpayers who appear to have a U.S. trade or business and have not filed a U.S. Income Tax return or filed a protective 1120-F.

2. USE OF DATA

The information provided in response to the contact letter will determine the foreign corporation's compliance requirement.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The collection of information does not involve the use information technology due to risk of disclosure. Additionally, the information collection request will be required by the taxpayer only occasionally to determine tax compliance.

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 target group of taxpayer's contacted is only foreign corporation importers with annual imports of \$50 million or more. Thus, contact letters will not be sent to small businesses or other small entities.

6. **CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES**

Collection will only be required on an occasional basis to a limited number of foreign corporation importers.

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**

In response to the Federal Register notice (79 FR 2751), dated January 15, 2014, we received no comment during the comment period regarding the Foreign Based Importer Non-Filers Questionnaire.

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 is collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The burden estimate is as follows:

<u>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
30	1 hour	30

There is no additional burden. Estimates of the annualized cost to respondents are not available at this time.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice (79 FR 2751), dated January 15, 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 contact Letter minimal. We estimate that the cost of printing the letter is minimal.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. This collection is being submitted for renewal purposes only.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

The information requested by the IRS must be received within a specific timeframe. Publication of the expiration date may confuse respondents if this date is displayed.

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.