

**SUPPORTING STATEMENT
(REG-118620-97)**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 4251(d) of the Internal Revenue Code imposes a tax on the transfer of prepaid telephone cards (PTCs) by a telecommunications carrier to a person that is not a carrier.

Section 4251(d) of the Code was added by the Taxpayer Relief Act of 1997.

Section 49.4251-4(d)(2) of the regulations requires a carrier transferring a PTC to another carrier to obtain and retain a statement signed by the purchaser to document the purchaser's status as a carrier.

2. USE OF DATA

The data will be used by the Internal Revenue Service to verify that a transfer is not a taxable event.

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 the burden on 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**

A notice of proposed rulemaking was published in the Federal Register on December 17, 1998 (63FR 69585). No hearing was held because no requests to speak were received. The final regulation was published in the Federal Register on January 7, 2000 (65 FR 1056).

In response to the **Federal Register Notice** dated December 31, 2013 (**78 FR 79728**), we received no comments during the comment period regarding Reg-118620-97.

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 under 26 U.S.C. 6103.

11. **JUSTIFICATION OF SENSITIVE QUESTIONS**

No personally identifiable information (PII) is collected.

12. **ESTIMATED BURDEN OF INFORMATION COLLECTION**

Section 49.4251-4(d)(2) of the regulations requires carriers to obtain and retain statements provided by purchasers that are carriers to avoid responsibility for collecting tax. We estimate that 8 carriers will obtain and retain an average of 12 statements each, for a total of 96 statements retained, and it will take them 0.1 hour to retain each statement. The total burden for the recordkeeping requirement is 9.6 hours. We estimate that 96 purchasers will submit one statement each, for a total of 96 statements prepared, and it will take them 0.25 hour to prepare each statement. The total burden for the reporting requirement is 24 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 December 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 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 these 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 regulations sunset 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 it displays a valid control number assigned by the Office of Management and Budget. 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.