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SUPPORTING STATEMENT
[LR-262-82] (T.D. 8600)
OMB 1545-0731

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 1377(c) of subchapter S of chapter 1 of the Internal Revenue Code provides that any election made under subchapter S shall be made in such manner as the Secretary shall prescribe by regulations. In addition, section 1361(d)(2)(B)(iii) of the Code and section 6(c)(3)(B)(iii) of the Subchapter S Revision Act of 1982 provide similar authority. The regulations implement the specific statutory authority given IRS by Congress by providing the procedures and the statements to be filed for making certain elections under subchapter S.

On October 7, 1986, the IRS published in the *Federal Register* a notice of proposed rulemaking containing proposed amendments to the Income Tax Regulations (26 CFR Part 1) under section 1361 of the Internal Revenue Code (Code). These amendments were proposed to conform the regulations to sections 2 and 6 of the Subchapter S Revision Act of 1982 and to section 721(c) and (f) of the Tax Reform Act of 1984. After consideration of all comments received by Treasury and the IRS regarding the proposed amendments, those amendments are adopted as revised by this Treasury decision. The final regulations also reflect the amendments made to section 1361 by sections 901(d)(4) (G) and 1879(m) of the Tax Reform Act of 1986, section 1018(q)(2) of the Technical and Miscellaneous Revenue Act of 1988, and section 7811(c)(6) of the Omnibus Budget Reconciliation Act of 1989.

2. USE OF DATA

Statements required to be filed would be used by IRS to establish the validity of various elections and to verify that taxpayers are complying with the requirements imposed by Congress under subchapter S.

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

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

Temporary regulations were published as TD 7872 (LR-1-83; 48 FR 3637) in the *Federal Register* on January 26, 1983 (48 FR 3590) and proposed rule LR-262-82 was published in the *Federal Register* on October 7, 1986 (51 FR 35659); which were adopted by final regulations published as TD 8600 on July 21, 1995, at 60 FR 37578.

We received no comments during the comment period in response to the *Federal Register* notice dated, March 19, 2014 (79 FR 15385).

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 being collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Section 1.1361-1 describes a number of different statements and elections that may be filed during any given year. We estimate that there will be 1,005 filers per year each of whom will file an average of 2 statements. Thus, a total of 2,010 statements will be filed per year. It is estimated that it will take an average of .5 hours to gather the information and complete each statement. Therefore, the total burden is 1,005 hours. This estimate was prepared after consultations with persons knowledgeable in subchapter S of the Internal Revenue Code.

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 March 19, 2014 (79 FR 15385) 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

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.