

## **SUPPORTING STATEMENT**

**TD 8302**

### **Low-income Housing Credit for Federally-assisted Buildings**

**1545-1005**

#### **1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Section 252 of the Tax Reform Act of 1986 added section 42 to the Internal Revenue Code. Section 42 provides a low-income housing credit for qualified low-income buildings. Section 42(d)(6) provides for taxpayers (owners of qualified low-income buildings) to seek a written waiver from the Internal Revenue Service for qualified low-income buildings acquired during a special 10-year period in order to avert a claim against a Federal mortgage insurance fund. The waiver permits the acquirer of the qualified low-income housing to properly claim the low-income housing credit on a Federal income tax return.

These final regulations (section 1.42-2) provide State and local housing credit agencies and owners of qualified low-income buildings with guidance regarding compliance with the waiver requirement of section 42(d)(6). The information required for the waiver is to be attached to the written request submitted to the IRS by the acquirer of the qualified low-income building.

#### **2. USE OF DATA**

The Internal Revenue Service will use the information provided to monitor compliance with the State volume caps under section 42(h) for the low-income housing credit and to ensure that persons or entities claiming the low-income housing credit under section 42 are properly entitled to claim it on a Federal income tax return. The Service cannot enforce compliance with these statutory provisions without such information.

#### **3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

IRS Publications, 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 wherever possible within the agency. Also, the Office of Management and Budget will search the Federal Information Locator System.

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**

On November 3, 1987, the **Federal Register** published a notice of proposed rulemaking (52 FR 42116) by cross reference to temporary regulations published the same day (52 FR 42098) under section 42 of the Internal Revenue Code of 1986. A number of public comments were received concerning these regulations, and a public hearing was held on March 17, 1988. After consideration of the written comments and those presented at the hearing, the proposed regulations were adopted as final regulations (T.D. 8302) and published in the **Federal Register** on May 23, 1990 (55 FR 21187).

In response to the **Federal Register Notice** dated July 15, 2014 (79 FR 41366), we received no comments during the comment period regarding PS-62-87.

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**

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the "Business Master File (BMF)" system and a Privacy Act

System of Records notice (SORN) has been issued for this system under IRS 24.046-Customer Account Data Engine Business Master File. The Internal Revenue Service PIAs can be found at <http://www.irs.gov/uac/Privacy-Impact-Assessments-PIA> .

Title 26 USC 6109 requires inclusion of identifying numbers in returns, statements, or other documents for securing proper identification of persons required to make such returns, statements, or documents and is the authority for social security numbers (SSNs) in IRS systems.

**12. ESTIMATED BURDEN OF INFORMATION COLLECTION**

Final regulation section 1.42-2(d) requires documentary evidence of financial distress leading to a potential claim against a Federal mortgage insurance fund in order to get a written waiver from the IRS for the acquirer of the qualified low-income building to properly claim the low-income housing credit. We estimate that 1,000 taxpayers will be affected and that it will take approximately 3 hours to provide the information needed to obtain a waiver. The total burden is estimated to be 3,000 hours (e.g., 3 x 1,000).

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 July 15, 2014 (79 FR 41366), 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.