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SUPPORTING STATEMENT
OMB Control Number 1545-1794
T.D. 9088

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The final section 482 regulations with respect to cost sharing arrangements (§1.482-7) generally require that controlled participants in a qualified cost sharing arrangement share intangible development costs in accordance with the reasonably anticipated benefits attributable to the intangible development areas. The regulations require documentation to be maintained regarding methods used in determining costs and benefits. This information is necessary to determine whether or not the arrangement is a qualified cost sharing arrangement and whether each participant's share of costs is proportionate to the participant's share of benefits. If the arrangement is a qualified cost sharing arrangement but cost shares are not proportionate to benefit shares, the information is used to determine whether and to what extent the Service should adjust the participants' cost shares under section 482.

2. USE OF DATA

The information collected will be used by revenue agents to determine whether controlled participants in qualified cost sharing arrangements are sharing stock-based compensation costs attributable to the intangible development area in proportion to reasonably anticipated benefits in accordance with the requirements of the proposed amendment to the cost sharing regulations.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There are no plans to provide electronic filing because electronic filing is not appropriate for the collection of information in this submission.

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

On July 29, 2002, Treasury and the IRS published in the *Federal Register* proposed amendments to the regulations (REG-106359-02, 2002-2 C.B. 405 [67 FR 48997]) under section 482 of the Internal Revenue Code (Code). These proposed regulations provided guidance regarding treatment of stock-based compensation for purposes of qualified cost sharing arrangements (QCSAs) and the comparable profit method and clarify the coordination of the rules regarding QCSAs with the arm's length standard. Written comments responding to these proposed regulations were received, and a public hearing was held on November 20, 2002. After consideration of all the comments, the proposed regulations under section 482 of the Code are adopted as revised by Treasury Decision 9088.

This final regulation was published in the *Federal Register* on August 26, 2003 (68 FR 51171).

We received no comment during the comment period in response to the *Federal Register* notice dated August 7, 2014, (79 FR 46305).

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

Section 1.482-7(d)(2)(iii)(B) provides that controlled participants may elect an alternative method of measurement of certain stock-based compensation by making an explicit reference to the election in the written cost sharing agreement.

Section 1.482-7(j)(2)(i)(F) requires that controlled participants maintain specific documentation to establish the amount attributable to stock-based compensation that is taken into account in determining the costs to be shared, including the method of measurement and timing used with respect to that amount.

The estimated number of respondents and/or record keepers is 500. The total reporting/recordkeeping burden is 2,000 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 August 7, 2014, (79 FR 46305), 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 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

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.