

SUPPORTING STATEMENT  
(TD 8688)  
1545-1421

22592. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The Omnibus Budget Reconciliation Act of 1993 (Act) enacted certain elections under sections 108, 163, 1044, and 6655 of the Internal Revenue Code of 1986. The regulation provides guidance that enables taxpayers to take advantage of various benefits provided by the Act and the Internal Revenue Code.

22593. USE OF DATA

The information contained in these regulations is used to determine a taxpayer's compliance with the requirements for making various elections available under the Act.

22594. 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.

22595. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible.

22596. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

We have been unable to reduce the burden for small businesses.

22597. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

Not applicable.

22598. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

Not applicable.

22599. 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 simultaneously with temporary regulations in the **Federal Register** on December 27, 1993 (58 FR 68336, 58 FR 68300). A public hearing was not held because none was requested. The final regulations (TD 8688) were published in the **Federal Register** on December 12, 1996 (61 FR 65321).

We received no comments during the comment period in response to the **Federal Register** notice (79 FR 52116), dated September 2, 2014.

22600. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

Not applicable.

22601. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and return information are confidential as required by 26 USC 6103.

22602. JUSTIFICATION OF SENSITIVE QUESTIONS

No personally identifiable information (PII) is collected.

22603. ESTIMATED BURDEN OF INFORMATION COLLECTION

The final regulations set forth a description, and general rules for the time and manner of making various elections under the Act. The burden estimate for each provision is set forth below, and is identified by both Act section and Internal Revenue Code (code) sections.

Regulation §1.1044(a)-1 allows individuals and C corporations that sell publicly traded securities after August 9, 1993, to elect not to recognize gain if the taxpayer purchases common stock or a partnership interest in a Specialized Small Business Investment Company within the 60-day period beginning on the day the publicly traded securities are sold. The election is made by attaching a statement to Schedule D of the income tax return. We estimate that approximately 400,000 elections will be made each year and that it will take approximately .50 hours to complete the election. The total burden for this election is 200,000 hours. Section 13114 of Act; §1044(a) of Code.

Regulation §1.108-5 allows taxpayers to treat certain indebtedness discharged after December 31, 1992, as qualified real property business indebtedness

eligible for exclusion or partial exclusion from gross income under Code section 108(a). The election is made by attaching a statement to a completed Form 982. We estimate that approximately 10,000 elections will be made each year and that it will take approximately .25 hours to complete the election. The total burden for this election is 2,500 hours. Section 13150 of Act; 108(c)(3)(c) of Code.

Regulation §1.163(d)-1 allows taxpayers to take all or a portion of net capital gains into account as investment income. The election is made on Form 4952, Investment Interest Expense Deduction, and the burden is reflected in the burden of Form 4952 (OMB No. 1545-0191). Section 13206(d) of Act; §163(d)(4)(B)(iii) of Code.

Regulation §1.6655(e)-1 allows corporate taxpayers to use a different annualization period to determine annualized income for purposes of paying any required installment of estimated income tax for taxable years beginning after December 31, 1993. The election is made by filing Form 8842, Election to Use Different Annualization Periods for Corporate Estimated Tax. The burden for this election is reflected in the burden of Form 8842 (OMB No. 1545-1409). Section 13225 of Act; § 6655(e)(2)(c) of Code.

Total of 410,000 responses and 202,500 burden hours requested.

Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time.

#### 22604. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register** notice dated September 2, 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

Not applicable.

#### 15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. This request is for the reinstatement of an expired information collection. There is no actual change in burden.

#### 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.