

SUPPORTING STATEMENT  
TD 8742

(1) CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 6081(a) of the Code provides that the Secretary may grant a reasonable extension of time for filing any return, declaration, statement, or other document required by the Code for a period of no more than 6 months (except where the taxpayer is abroad).

Section 301.9100-1 provides that the Commissioner may grant a reasonable extension of time to make a regulatory election or a statutory election (but not more than 6 months except in the case of a taxpayer who is abroad) under all subtitles of the Code except subtitles E, G, H, and I, provided the taxpayer demonstrates to the satisfaction of the Commissioner that: (1) the taxpayer acted reasonably and in good faith and (2) granting relief will not prejudice the interests of the government.

Section 301.9100-2 provides an automatic 12-month extension for certain regulatory elections and an automatic 6-month extension for regulatory elections and statutory elections whose deadlines are prescribed as the due date of the return or the due date of the return including extensions. Section 301.9100-2 requires a taxpayer filing an election under one of the automatic extensions to file an amended return for the year the election should have been made and attach the appropriate form or statement for making the election.

Section 301.9100-3 provides extensions of time for regulatory elections that do not meet the requirements of §301.9100-2. Section 301.9100-3(e) requires a taxpayer requesting relief to provide evidence (including affidavits from the taxpayer and other parties) to establish that the taxpayer acted reasonably and in good faith, and that granting relief will not prejudice the interests of the government. A request for relief under §301.9100-3 is a request for a letter ruling.

TD 8742 contains final regulations providing the procedures for requesting an extension of time to make certain elections under the Internal Revenue Code. In addition, the regulations provide the standards that the Commissioner will use in determining whether to grant taxpayers extensions of time to make certain elections including changes in accounting method and accounting period. The regulations also set forth the time for filing a Form 3115, Application for Change in Accounting Method, with the Commissioner. The regulations affect taxpayers requesting an extension of time to make certain elections and taxpayers requesting to change their method of accounting for federal income tax purposes.

(2) USE OF DATA

The data will be used by the Service to determine whether to grant an extension of time for making an election or application for relief.

(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 whenever 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 THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

On June 27, 1996, temporary regulations relating to the standards the Commissioner will use to grant taxpayers extensions of time to make certain elections were published in the Federal Register (TD 8680, 61 FR 33365 [1996-2 C.B. 194]), and cross-referenced to a notice of proposed rulemaking published in the Federal Register on the same date (61 FR 33408 [IA-29-96 C.B. 483]). A public hearing on the regulations was held on October 30, 1996.

On May 15, 1997, temporary regulations (TD 8719, 62 FR 26740), setting forth the time for requesting a change in accounting method and the standards the Commissioner will use to grant an extension of time to request a change in accounting method were published in the Federal Register and cross-referenced to a notice of proposed rulemaking published in the Federal Register on the same date (62 FR 26755). On May 27, 1997, corrections to TD 8719 were published in

the Federal Register (62 FR 28630). No public hearing on the regulations was requested or held.

On December 31, 1997, final regulations (TD 8742, 62 F.R.68167), were published providing the procedures for requesting an extension of time to make certain elections under the Internal Revenue Code.

We received no comments during the comment period in response to the Federal Register notice (79 FR 54349), dated September 11, 2014.

(9) EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

Not applicable.

(10) ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and return information are confidential as required by 26 U.S.C. 6103.

(11) JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

(12) ESTIMATED BURDEN OF INFORMATION COLLECTION

Section 301.9100-2 requires a taxpayer filing an election under one of the automatic extensions to file an amended return for the year the election should have been made and attach the appropriate form or statement for making the election. The burden for preparation of the amended return is reflected on Form 1120X (or other required form) and the burden for preparation of the applicable form or statement is reflected in the burden requirements for the applicable election.

Section 301.9100-3 requires a taxpayer requesting an extension of time to file a request for a letter ruling. The taxpayer must provide evidence (including affidavits from the taxpayer and other parties) to establish that the taxpayer acted reasonably and in good faith, and that granting relief will not prejudice the interests of the government. We estimate that 500 taxpayers per year will file requests for extension of time under §301.9100-3 and it will take 10 hours to prepare a request for a letter ruling. The total burden for this requirement is 5,000 hours per year.

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 September 11, 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. 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 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 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.

