

SUPPORTING STATEMENT
Revenue Procedure 2007-25
1545-1956

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

This revenue procedure amplifies Rev. Proc. 2005-51, which provides guidance to persons who may be required to pay certain penalties under sections 6662(h), 6662A, or 6707A of the Internal Revenue Code, and who may be required under section 6707A (e) to disclose those penalties on reports filed with the Securities and Exchange Commission (S.E.C.). Furthermore, the collection of information is necessary to make investors or potential investors aware of a person's participation in certain reportable transactions that led to penalties under the Internal Revenue Code.

Section 4.01 of Rev. Proc. 2005-51 specifically provides that a person who files SEC Form 10-K, *Annual Report*, pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934, either separately or consolidated with another person, must disclose in Item 3 (Legal Proceedings) of Form 10-K the requirement to pay any penalty specified in section 2.05 of Rev. Proc. 2005-51.

After the issuance of Rev. Proc. 2005-51, questions arose regarding persons required to file periodic reports under section 13 or 15(d) of the Securities Exchange Act of 1934, or required to be consolidated with another person for purposes of those reports, but that file these periodic reports on a form other than a Form 10-K.

This revenue procedure applies to any person required to pay any penalty described in section 2.05 of Rev. Proc. 2005-51 that is also required to file periodic reports under section 13 or 15(d) of the Securities Exchange Act of 1934 on a form other than a Form 10-K or is required to be consolidated with another person for purposes of those reports.

2. USE OF DATA

The IRS will use the information to penalize any person that fails to disclose with the SEC the requirement to pay the penalties as required by section 6707A(e) and this revenue procedure. To comply with Revenue Procedure 2007-25, a person who files SEC Form 10-K, *Annual Report Pursuant to Section 13 or 15(d)*, either separately or consolidated with another person, must disclose in Item 3 (Legal Proceedings) of their Form 10-K the requirement to pay any penalty specified in section 2.05 of the revenue procedure.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There are no plans to provide electronic filing because the revenue procedure requires reporting on Forms 10-K filed with the SEC, and the SEC controls the rules regarding the manner of filing of the Form 10-K.

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

There are no small entities affected by this collection.

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

Consequences of less frequent collection on federal programs or policy activities would consist of decreased amount of taxes collected by the Service, inaccurate and untimely filing of tax returns, and an increase in tax violations.

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

There are no special circumstances requiring data collection to be inconsistent with guidelines in 5 CFR 1320.5(d)(2).

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

The Internal Revenue Service published Rev. Proc. 2005-51 in the Internal Revenue Bulletin (2005-33 I.R.B. 296), on August 15, 2005. Rev. Proc. 2007-25 was published in the Internal Revenue Bulletin (2007-12 I.R.B. 761) on March 19, 2007.

In response to the **Federal Register notice (80 FR 15662), dated March 24, 2015**, we received no comments during the comment period regarding Revenue Procedure 2007-25.

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

No payment of gift has been provided to any respondents.

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

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 PIA's 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

To comply with Revenue Procedure 2007-25, a person who files SEC Form 10-K, Annual Report Pursuant to Section 13 or 15(d), either separately or consolidated with another person, must disclose in Item 3 (Legal Proceedings) of their Form 10-K the requirement to pay any penalty specified in section 2.05 of the revenue procedure. It is estimated that the above requirements will affect 859 taxpayers per year, with a burden of approximately 0.25 to 0.75 hour per respondent, with an average of 0.5 hour, for an annual burden of 430 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

There is no estimated cost burden to respondents.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

There is no estimated annualized cost to the federal government.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. This form is being submitted for renewal purposes only.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis and publication.

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 ON OMB FORM 83-I

There are no exceptions to the certification statement..

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.