

OMB # 1545 -1503
SUPPORTING STATEMENT
Revenue Procedure 2015-41

1. **CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Section 482 of the Internal Revenue Code (26 U.S.C. § 482) allows the Secretary of the Treasury to reallocate income between related organizations if necessary to prevent tax evasion or to clearly reflect income. Section 482 also requires that the income associated with the transfer of intangible property be commensurate with the income attributable to the intangible property. Treasury Regulation 1.482-1 provides an “arm’s length” standard, under which the transfer of goods and services between related parties should be valued at a price that would have been negotiated between unrelated parties for the same transaction. Under this revenue procedure, taxpayers can apply for advance agreements with the Internal Revenue Service about how to compute such “arm’s length” transfer prices. The Service requires information from Taxpayers in order to negotiate these agreements and to verify compliance with any agreements reached.

2. **USE OF DATA**

The data will be used by the Service to determine the best method of computing “arm’s length” prices, and to verify compliance with advance pricing agreements.

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 within the agency wherever possible.

5. **METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES**

We have attempted to minimize burden on small businesses.

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

The data will be used by the Service to verify compliance with advance pricing agreements.

A less frequent collection would prevent the IRS from verifying compliance.

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

In some cases, more than an original and two copies of information are required because many different officials in the Service must carefully review the material.

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

Revenue Procedure 96-53 was published in the Internal Revenue Bulletin on December 2, 1996 (Revenue Procedural 96-53, 1996-49 I.R.B. 9).

On July 1, 2004, the Service updated and superseded Rev. Proc. 96-53 by issuing Rev. Proc. 2004-40, 2004-2 C.B. 50.

On January 9, 2006, the Service again updated the procedural rules with the release of Rev. Proc. 2006-9, 2006-1 C.B. 278 superseding Rev. Proc. 2004-40.

On June 9, 2008, the Service modified Rev. Proc. 2006-9 with the release of Rev. Proc. 2008-31, 2008-1 C.B. 1133.

In response to the *Federal Register* notice dated July 31, 2015 (80 FR 45716), we received no comments during the comment period regarding Revenue Procedure 2006-9 and 2008-31.

Published August 2015, Revenue Procedure 2015-41 updates and supersedes Rev. Proc. 2006-9, 2006-1 C.B. 278, as modified by Rev. Proc. 2008-31, 2008-1 C.B. 1133, which is also superseded.

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

No payments or gifts are provided to respondents.

10. **ASSURANCE OF CONFIDENTIALITY OF RESPONSES**

Submissions under this revenue procedure are considered tax returns and tax return information, which are confidential as required by 26 USC 6103.

11. **JUSTIFICATION OF SENSITIVE QUESTIONS**

Not PII is being collected.

12. **ESTIMATED BURDEN OF INFORMATION COLLECTION**

This Revenue Procedure involves three types of information.

Section 3.02 concerns information submitted in a pre-filing memorandum that is suggested and in some cases required to be submitted by the taxpayer before filing an APA request. We estimate that 70 taxpayers will make such submissions. The estimated burden per respondent for recordkeeping/reporting is from 5 to 20 hours, with an average burden of 10 hours, for a total estimated burden of 700 hours.

Sections 3.04, 3.06, 3.09, 3.10, 4.04, 4.05, 5.01, 5.02, 8.01, and the appendix concern information submitted in filing an application for an initial, abbreviated or renewal APA. We estimate that 120 taxpayers will make such submissions. The estimated burden per respondent for recordkeeping/reporting is from 20 to 150 hours, with an average burden of 60 hours, for a total estimated burden of 7,200 hours.

Sections 7.02 and 7.04 concern information submitted for and recordkeeping requirements in connection with, annual reports to verify compliance with an APA, and information submitted to verify an APA's continuing validity or need for revision. We estimate that 200 taxpayers will make such submissions. The estimated burden per respondent for recordkeeping/reporting is from 5 to 30 hours, with an average burden of 15 hours, for a total estimated burden of 3,000 hours.

The number of respondents is 390 and the total burden on all taxpayers described in these preceding paragraphs is 10,900.

Section	# Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
Sec. 3.02 Pre-filing memorandum	70	1	70	10	700
Secs. 3.04, 3.06, 3.09, 3.10, 4.04, 4.05, 5.01, 5.02, 8.01, appendix	120	1	120	60	7,200
Secs. 7.02, 7.04	200	1	200	15	3,000
Totals			390		10,900

13. **ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

There is no estimated total annual 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**

The paperwork burden previously approved by OMB is increasing, because of an increase in responses due to Revenue Procedure 2015-41.

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 revenue procedure 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**

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