

SUPPORTING STATEMENT
Revenue Procedure 97-22
OMB # 1545-1533

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 6001 of the Internal Revenue Code provides that every person liable for any tax imposed by the Code, or for the collection thereof, must keep such records, render such statements, make such returns, and comply with such rules and regulations as the Secretary may from time to time prescribe. Section 1.6001-1(a) of the Income Tax Regulations provides that, except for farmers and wage-earners, any person subject to the income tax, or any person required to file a return of information with respect to income, must keep such books and records, including inventories, as are sufficient to establish the amount of gross income, deductions, credits, or other matters required to be shown by that person in any return of such tax or information. Section 1.6001-1(e) provides that the books or records required by section 6001 must be kept available at all times for inspection by authorized internal revenue officers or employees, and must be retained so long as the contents thereof may become material in the administration of any internal revenue law. The Service is providing guidance to taxpayers that maintain books and records by using an electronic storage system that either images their hardcopy (paper) books and records, or transfers their computerized books and records, to an electronic storage media, such as an optical disk. The Service is providing this guidance to assist taxpayers in meeting their section 6001 recordkeeping requirements.

2. USE OF DATA

The Service will use the data to determine that the taxpayer's books and records are sufficient to establish the entries on a taxpayer's return.

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

There are no small entities affected by this collection.

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

If the IRS did not collect this information, the IRS would not be able to determine that the taxpayer's books and records are sufficient to establish the entries on a taxpayer's return.

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**

Revenue Procedure 97-22 was published in the **Internal Revenue Bulletin** on March 31, 1997 (1997-13 IRB 9).

In response to the Federal Register notice dated July 28, 2015 (80 FR 45016), we received no comments during the comment period regarding Rev. Proc. 97-22.

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

No payment or gift has been provided to any respondents.

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**

Rev. Proc. 97-22 involves the following two types of recordkeeping.

Section 4.02 describes the requirements for establishing an indexing system that facilitates the identification and retrieval of records maintained in an electronic storage system. We estimate that 50,000 taxpayers will establish an indexing system. The estimated average burden per taxpayer to set up the indexing system is 20 hours for a total estimated burden of 1,000,000 hours.

Section 5 provides that the District Director may periodically initiate tests of a taxpayer's electronic storage system. We estimate that 200 taxpayers' electronic storage systems will

be tested. The estimated average burden per respondent is 2 hours, for a total estimated burden of 400 hours.

The total burden of all taxpayers described in the two preceding paragraphs is 1,000,400 hours. It is estimated that the burden will fall on 50,000 separate recordkeepers. These various burdens do not necessarily represent a net additional burden to the taxpayer because using an electronic storage system consistent with this revenue procedure can potentially save the taxpayer time spent on preparing its tax returns and IRS audits.

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

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no start-up costs associated with this collection.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

There are no known annualized costs to the federal government.

15. REASONS FOR CHANGE IN BURDEN

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

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

There are no exceptions to the certification statement for this collection.

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.

