

SUPPORTING STATEMENT  
OMB# 1545- 1233  
T. D. 8454

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Sections 1.56(g)-1(f), (m), (r) and (s) provide guidance concerning the computation of the alternative minimum tax, including the adjustment for adjusted current earnings, by corporations. Foreign corporate taxpayers apply the rules of section 1.56(g)-1 to their income that is effectively connected with the conduct of a United States trade or business. All corporate taxpayers compute their LIFO inventory adjustment in accordance with the statute, 26 U.S.C. 56. The regulation prevents taxpayers from obtaining a double benefit from the special energy deduction of 26 U.S.C. 56(h) by requiring a reduction in the amount of deductions for intangible drilling costs under section 1.56(g)-1(f)(1).

The regulation provides all corporate taxpayers with an elective, simplified method of determining their inventories for purposes of computing their alternative minimum tax, including the adjustment for adjusted current earnings. Taxpayers making the election do not have to recalculate separate inventory amounts by applying alternative minimum tax and adjusted current earnings rules. They instead use their regular tax inventory amounts in computing their alternative minimum tax and adjusted current earnings. They then adjust their alternative minimum taxable income and adjusted current earnings to reflect the difference in depreciation allowed, as compared to that allowed in computing their regular tax. Taxpayers making the election have to attach a statement indicating they are making the election to the federal income tax return for the taxable year in which they make the election.

2. USE OF DATA

The information is used on audits to verify that the taxpayer has properly made the election.

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 businesses or 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 result in taxpayers trying to obtain a double benefit from the special energy deduction under section 56(h) by requiring a reduction in the amount of deductions for intangible drilling costs under section 1.56(g)-1(f)(1).

## 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

These regulations were initially published as a Notice of proposed rulemaking (NPRM) on March 15, 1991 in the Federal Register. These proposed regulations provided the public a 60 day period in which to review and comment upon any aspect of the proposed regulation. No public hearing was requested and none was held. No comments were received regarding the reporting requirement. The final regulations (TD 8454), were published in the Federal Register (57 FR 60474), on December 21, 1992.

We received no comments during the comment period in response to the *Federal Register* notice, 80 FR 44430, dated July 27, 2015.

## 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

We estimate the following burden:

Section 1.56(g)-1(r) of the regulation sets forth rules pursuant to section 56(g) of the Code that permit taxpayers to elect a simplified method of computing their inventory amounts in order to compute their alternative minimum tax.

We estimate that the requirement specified in section 1.56(g)-1(r) will affect 1,000 taxpayers and they will expend approximately 1 hour each in activities relating to this requirement. The total burden for this requirement is 1,000 hours.

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

There are no capital/start-up or ongoing operation/ maintenance cost associated with this information collection.

### 14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

There are 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. We are making this submission to renew the OMB approval.

### 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 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

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.

