

Supporting Statement
Notice 2006-47
OMB Number 1545-1986

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The purpose of this notice is to alert taxpayers to various elections under the Internal Revenue Code that were created by the American Jobs Creation Act of 2004, Pub. L. No. 108–357, 118 Stat. 1418 (the Act), which was enacted on October 22, 2004, and provide interim guidance on how those elections may be made. In light of changes made by the Act, the notice also informs taxpayers that they may revoke certain elections that are currently in effect. Additional guidance regarding these elections or revocations will be issued, as needed.

2. USE OF DATA

The collection of information will enable the Internal Revenue Service to ensure that the eligibility requirements for the various elections or revocations have been satisfied; verify that the requisite computations, allocations, etc. have been made correctly; and appropriately monitor whether any required collateral actions relating to the elections or revocations have been complied with.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS Publications, Regulations, Notices and Letter 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 this information was not reported to the IRS, the qualified tax-exempt organization could not take advantage of the credit; which could reduce their organization's tax liability.

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

This notice of was published in the Internal Revenue Bulletin (2006-20 I.R.B. 892), on May 15, 2006.

In response to the Federal Register notice (80 FR 50717), dated August 20, 2015, we received no comments during the comment period regarding this notice.

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

This notice alerts taxpayers to various elections under the Internal Revenue Code that were created by the American Jobs Creation Act of 2004 (the Act), and provides interim guidance on how those elections may be made. The notice also informs taxpayers that they may revoke certain elections that are currently in effect in light of changes made by the Act. In general, the notice provides that the elections or revocations may be made by providing certain specified information on designated forms or by attaching a statement including the specified information to the taxpayer's return.

The collections of information in this notice are in sections A.1., B.1., B.2., C.1., C.2., C.3., C.4., D.2., D.3., and F.1. The burden estimates for those collections of information are as follows:

1. Act Sec. 102 (section A.1.)

The estimated total annual reporting or recordkeeping burden is 100 hours.

The estimated annual burden per respondent/recordkeeper varies from 15 minutes to 1 hour, depending on individual circumstances, with an estimated average of 30 minutes. The estimated number of respondents or recordkeepers is 200.

The estimated annual frequency of responses (used for reporting requirements only) is once.

The likely respondents are businesses or other for-profit institutions, farms and individuals.

This information is needed to inform the IRS that an election under section 631(a) has been revoked in accordance with Act section 102(c).

2. Act section 242 (section B.1.)

The estimated total annual reporting or recordkeeping burden is 500 hours.

The estimated annual burden per respondent/recordkeeper varies from 30 minutes to 10 hours, depending on individual circumstances, with an estimated average of 1 hour. The estimated number of respondents or recordkeepers is 500.

The estimated annual frequency of responses (used for reporting requirements only) is once.

The likely respondents are individuals and businesses.

This information is needed to ensure the consistent treatment of participations and residuals for each property.

3. Act section 244 (section B.2.)

The estimated total annual reporting or recordkeeping burden is 500 hours.

The estimated annual burden per respondent/recordkeeper varies from 30 minutes to 10 hours, depending on individual circumstances, with an estimated

average of 1 hour. The estimated number of respondents or recordkeepers is 500.

The estimated annual frequency of responses (used for reporting requirements only) is once.

The likely respondents are individuals and businesses.

This information is needed to ensure that each film or television production qualifies for the deduction.

4. Act section 313 (section C.1.)

The estimated total annual reporting or recordkeeping burden is 40 hours.

The estimated annual burden per respondent/recordkeeper varies from 30 minutes to 1.5 hours, depending on individual circumstances, with an estimated average of 1 hour. The estimated number of respondents or recordkeepers is 40.

The estimated annual frequency of responses (used for reporting requirements only) is once.

The likely respondents are cooperatives described in section 1381(a).

This information is needed to support the pro rata apportionment among patrons of the cooperative, as allowed by section 40(g)(6).

5. Act section 322 (section C.2.)

The estimated total annual reporting or recordkeeping burden is 3 million hours.

The estimated annual burden per respondent/recordkeeper varies from 30 minutes to 3 hours, depending on individual circumstances, with an estimated average of 1.5 hours. The estimated number of respondents or recordkeepers is 2 million.

The estimated annual frequency of responses (used for reporting requirements only) is once.

The likely respondents are large timber producers and independent timber producers, including nonindustrial landowners.

This information is needed to prevent the improper shifting of basis between qualified timber properties for which depletion is available and qualified

timber properties for which depletion is not available because an election under section 194 has been made.

6. Act section 338 (section C.3.)

The estimated total annual reporting or recordkeeping burden is 75 hours.

The estimated annual burden per respondent/recordkeeper varies from 30 minutes to 1 hour, depending on individual circumstances, with an estimated average of 45 minutes. The estimated number of respondents or recordkeepers is 100.

The estimated annual frequency of responses (used for reporting requirements only) is once.

The likely respondents are businesses.

This information is needed to ensure that the deduction is properly determined and to ensure the specific identification of each property for which the basis is reduced.

7. Act section 339 (section C.4.)

The estimated total annual reporting or recordkeeping burden is 50 hours.

The estimated annual burden per respondent/recordkeeper varies from 30 minutes to 1.5 hours, depending on individual circumstances, with an estimated average of 1 hour. The estimated number of respondents or recordkeepers is 50.

The estimated annual frequency of responses (used for reporting requirements only) is once.

The likely respondents are cooperatives described in section 1381(a).

This information is needed to support the allocation of the section 45H(g) credit among patrons of a cooperative.

8. Act section 404 (section D.2.)

The estimated total annual reporting or recordkeeping burden is 7,500 hours.

The estimated annual burden per respondent/recordkeeper varies from 15 minutes to 1 hour, depending on individual circumstances, with an estimated average of 30 minutes. The estimated number of respondents or recordkeepers is 15,000.

The estimated annual frequency of responses (used for reporting requirements only) is once.

The likely respondents are large multinational corporations that are financial services entities.

This information is needed to enable the IRS to verify the computation of the allowable foreign tax credit.

9. Act section 408 (section D.3.)

The estimated total annual reporting or recordkeeping burden is 25,000 hours.

The estimated annual burden per respondent/recordkeeper varies from 15 minutes to 1 hour, depending on individual circumstances, with an estimated average of 30 minutes. The estimated number of respondents or recordkeepers is 50,000.

The estimated annual frequency of responses (used for reporting requirements only) is once.

The likely respondents are large multinational corporations.

This information is needed to enable the IRS to verify the computation of the allowable foreign tax credit.

10. Act section 909 (section F.1.)

The estimated total annual reporting or recordkeeping burden is 1,000 hours.

The estimated annual burden per respondent/recordkeeper varies from 30 minutes to 2 hours, depending on individual circumstances, with an estimated average of 1 hour. The estimated number of respondents or recordkeepers is 1,000.

The estimated annual frequency of responses (used for reporting requirements only) is once.

The likely respondents are providers of electric transmission services.

This information is needed to ensure that the gain from the sale of certain electric transmission property is properly reported.

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

Total Respondents
2,067,390

Time Per Respondent
1 hour, 28 minutes

Total Burden Hours
3,034,765

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice dated August 20, 2015, 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

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. 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 this notice will no longer be applicable as of the expiration date. Taxpayers are not likely to be aware that the Internal Revenue 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.

OMB EXPIRATION DATE

We believe the public interest will be better served by not printing an expiration date on the form(s) in this package.

Printing the expiration date on the form will result in increased costs because of the need to replace inventories that become obsolete by passage of the expiration date each time OMB approval is renewed. Without printing the expiration date, supplies of the form could continue to be used.

The time period during which the current edition of the form(s) in this package will continue to be usable cannot be predicted. It could easily span several cycles of review and OMB clearance renewal. In addition, usage fluctuates unpredictably. This makes it necessary to maintain a substantial inventory of forms in the supply line at all times. This includes supplies owned by both the Government and the public. Reprinting of the form cannot be reliably scheduled to coincide with an OMB approval expiration date. This form may be privately printed by users at their own expense. Some businesses print complex and expensive marginally punched continuous versions, their expense, for use in their computers. The form may be printed by commercial printers and stocked for sale. In such cases, printing the expiration date on the form could result in extra costs to the users.

Not printing the expiration date on the form(s) will also avoid confusion among taxpayers who may have identical forms with different expiration dates in their possession.

For the above reasons we request authorization to omit printing the expiration date on the form(s) in this package.