

SUPPORTING STATEMENT
OMB Control Number 1545-2017
NOTICE 2006-46

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Final regulations were issued on January 23, 2006 permitting transactions effected under the statute of a foreign jurisdiction or a U.S possession to qualify as a statutory merger or consolidation for purposes of section 368(a)(1)(A). This qualification generally allows a corporate merger or consolidation to be tax free for U.S. purposes. As a result of this regulatory change, a foreign corporation distributing stock of a U.S. real property holding company (USRPHC) to its shareholders pursuant to an inbound section 368(a)(1) (A) ("A") reorganization or a foreign corporation transferring a U.S. real property interest (USRPI) to another foreign corporation pursuant to an "A" reorganization may be permitted to defer recognition of its section 897 gain on the transfer if certain requirements are met. One such requirement is that the foreign transferor corporation will be required to satisfy certain reporting requirements applicable to transferors in corporate reorganizations currently qualifying for nonrecognition. The specific collections of information are contained in Temp. Treas. Reg. §§ 1.897-5T(c)(4)(ii)(C), 1.897-6T(b)(1), and 1.897-5T(d)(1)(iii) (as modified by Notice 89-57, 1989-1 C.B. 698). Generally, they may be satisfied by: (1) filing the information statement required by § 1.897-5T(d)(1)(iii); (2) filing a notice of nonrecognition to the IRS in accordance with the provisions of Treas. Reg. § 1.1445-2(d)(2); or (3) filing a withholding certificate in accordance with the requirements of Treas. Reg. § 1.1445-3.

2. USE OF THE DATA

These filing requirements require the corporate transferor notify the IRS of the transfer. The information provided will be used on audit by revenue agents to verify that the transferor qualified for nonrecognition and that the transferee will be subject to tax of a subsequent disposition of the transferred U.S. real property interest (USRPI).

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We have no plans to offer electronic filing. IRS publication, 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 methods to minimize burden on small businesses or other small entities.

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

Consequences of less frequent collection on federal programs or policy activities would result in an increase in transfers in corporate reorganization meeting the certain reporting requirements applicable to qualify for nonrecognition.

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 collections 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 was published in the Internal Revenue bulletin on June 12, 2009 (IRB 2006-24, page 1044).

In response to the *Federal Register* notice dated February 10, 2016 (81 FR 7192), we received no comments during the comment period regarding Notice 2006-46.

9. EXPLANATION OF DECISIONS 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 return information are Confidential as required by 26 USC 6103.

11. JUSITIFICATION OF SENSITIVE QUESTIONS

No personally identifiable information (PII) is collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Temp. Treas. Reg. §§ 1.897-5T(c)(4)(ii)(C) and 1.897-6T(b)(1) require a transferor foreign corporation seeking to qualify for gain nonrecognition under §§ 1.897-5T(c)(4)(ii) and 1.897-6T(b) to satisfy the filing requirements of Temp. Treas. Reg. 1.897-5T(d)(1)(iii). These requirements, as modified by Notice 89-57, 1989-1 C.B. 698, may be satisfied in one of three ways: (1) filing the information statement detailed in Temp. Treas. Reg. § 1.897-5T(d)(1)(iii); (2) filing a notice of nonrecognition to the IRS in accordance with the requirements of Treas. Reg. § 1.1445-2(d)(2); or (3) filing a withholding certificate in accordance with the requirements of Treas. Reg. § 1.1445-3. We estimate that 500 transferors will be required to make this filing annually and that it will take 1 hour to prepare.

The total burden for this requirement is 500 hours.

Notice	Trusts/ Responses	Time/per response	Total Burden hours
Notice 2006-46	500	1.0 hrs.	500

13. ESTIMATED TOTAL ANNUALIZED COST BURDEN TO RESPONDENTS

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

14. ESTIMATED ANNUAL COSTS TO FEDERAL GOVERNMENT

There is no estimated annualized cost to the federal government.

15. REASONS FOR CHANGE IN BURDEN

There are no changes 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 regulations sunset as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewals 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 and 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.