

Supporting Statement
OMB control # 1545-0745

**Floor Stocks Credits or Refunds and Consumer Credits or Refunds with Respect to
Certain Tax-
Repealed Articles; Excise Tax on Heavy Trucks (TD 7882)
&
Excise Tax on Heavy Trucks, Truck Trailers and Semitrailers, and Tractors; Reporting
and
Recordkeeping Requirements (TD8050)
and
Recordkeeping Requirements per
NPRM(REG-103380-05)
Excise Tax; Tractors, Trailers, Trucks, and Tires; Definition of Highway Vehicle**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

TD 7882 (LR-27-83)

Section 4051 of the Internal Revenue Code (26 USC 4051) imposes a 12-percent excise tax on the first retail sale of trucks, trailers and semitrailers, and tractors. The tax on trucks, trailers and semitrailers applies only to trucks having a gross vehicle weight over 33,000 pounds and to trailers and semitrailers having a gross vehicle weight over 26,000 pounds. It is necessary for the seller of those articles to maintain a record of the gross vehicle weight of every article sold to establish the taxability or non-taxability of the sale.

TD 8050 (LR-54-85)

Under section 4051 an excise tax is imposed on the first retail sale of certain vehicles. Section 4052 defines “first retail sale” as the first sale of the vehicle, for a purpose other than resale or leasing in a long-term lease. To administer the tax, it is necessary to determine whether a sale is exempt as a sale for resale. LR-54-85 requires that if the sale is to be treated as exempt, the seller and the purchaser must be registered and the purchaser must give the seller a resale certificate.

NPRM(REG-103380-05)

Before April 1, 1983, section 4061 imposed a tax on the manufacturer's sale of certain highway-type tractors, chassis, and bodies for highway-type trailers and trucks, and related parts and accessories for these articles. The Highway Revenue Act of 1982, Public Law 97-424 (96 Stat. 2097) (the 1982 Act), changed this tax to a 12 percent tax under section 4051(a)(1) on the first retail sale of certain highway-type tractors and chassis and bodies for highway-type trailers and trucks.

The collections of information in these proposed regulations are in § 48.4051-1.

2. USE OF DATA

TD 7882 (LR-27-83): The information required to be collected is used by the seller and the IRS to verify that the proper amount of tax is reported or excluded.

TD 8050 (LR-54-85): The information is used by the seller and the IRS to verify that the transaction is tax exempt.

NPRM(REG-103380-05)

A taxpayer must obtain and retain the information included in the model certificates (exemption certificates) provided in the NPRM to substantiate a tax-free sale of: an incomplete chassis cab; a truck, trailer, or tractor; a truck, trailer, or tractor sold for resale or long-term leasing; a taxable tire to the Department of Defense or the Coast Guard; a taxable tire when sold for use or in connection with the sale of another article manufactured by the purchaser and sold by a purchaser in a qualifying sale; and a taxable tire for intercity, local, and school buses. A seller of a trailer must also have an exemption certificate to avoid the 4% markup for resale within six months. The sale of these items are otherwise subject to the taxes imposed by sections 4051, 4052 and 4072 of the Internal Revenue Code. _

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

The collection of information does not have a significant impact on substantial number of small businesses or other small entities.

To help a taxpayer/seller meet its substantiation obligations for a tax-free sale, existing IRS guidance provides model certificates that include all the necessary information. Similarly, NPRM(REG-103380-05) includes model certificates to assist taxpayers in this regard.

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

The consequences are that the IRS will have to spend more taxpayer assistance resources

to collect this data through other means. This will compromise the Agency's ability to comply with taxpayers requests for disclosing information to third parties. Tax compliance is a vital part of the government's ability to meet its' mission and serve the public.

If a taxpayer cannot provide the IRS with the information in the exemption certificates per NPRM(REG-103380-05) when requested, the IRS cannot determine if the taxpayer is entitled to a claim the tax benefit of a tax exempt sale. When these items are improperly sold tax free, a taxpayer/seller creates a market advantage for itself. In addition, without these exemption certificates, the IRS cannot be sure that it is collecting the correct amount of revenue for the Highway Trust Fund.

6. 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

LR-27-83 (final -TD 7882) was published in the *Federal Register* (48 FR 14361) on April 4, 1983, and LR-54-85 (final - TD 8050) was published in the *Federal Register* (50 FR 37350) on September 13, 1985 as temporary regulations.

We received no comments during the comment period in response to the *Federal Register* notice dated November 19, 2015 (80 FR 72487).

NPRM (REG-103380-05) was published on March 31, 2016.

We received comments during the comment period in response to the *Federal Register* notice dated March 31, 2016 (81 FR 18544).

IRS will consider all comments received, as part of our usual process of determining whether or not we want to go forward with finalizing these regulations. If we decide to finalize these regulations, we routinely respond to the public comments by explaining why we accepted or rejected a comment in the preamble to the final regulation.

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 U.S.C. 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the “Business Master File (BMF)” system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.046-Customer Account Data Engine Business Master File. The Internal Revenue Service PIAs can be found at <https://www.irs.gov/uac/Privacy-Impact-Assessments-PIA>.

Title 26 USC 6109 requires inclusion of identifying numbers in returns, statements, or other documents for securing proper identification of persons required to make such returns, statements, or documents and is the authority for social security numbers (SSNs) in IRS systems.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Reporting: None

Recordkeeping:

	Number of Recordkeepers	Time per Recordkeeper	Total Hours
<u>LR-27-83</u> 145.4051-1(e)(3)(iii)	2,000	2 hrs.	4,000
<u>LR-54-85</u> 145.4052-1(a)(6)	2,100	.0667 hrs.	140
NPRM (REG-103380-05)	3,00	.25 hrs.	750
Total Recordkeeping Burden			4,890

All other requirements in this regulation have been reflected on Forms 720, 637, and 843.

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 is no annual cost to the federal government.

15. REASONS FOR CHANGE IN BURDEN

There is an increase in the paperwork burden previously approved by OMB of 750 hours, because Recordkeeping requirements under NPRM (REG-103380-05) are being added.

We are also 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

See Attachment.

18. EXCEPTION 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.