

SUPPORTING STATEMENT**TD 9273 (REG-116050-99)****Stock Transfer Rules: Carryover of Earnings and Taxes****OMB Control Number 1545-1711****1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Section 367(b) of the Internal Revenue Code and regulation §§1.367(b)-7 through (b)-8 provide rules for corporate reorganizations and divisions that involve one or more foreign corporations. The regulations provide guidance in determining the effect of the section 367(b) transaction on earnings and profits and foreign income taxes accounts.

Section 1.367(b)-1(c)(2)(v) through (vii), (c)(3)(ii)(A), and (c)(4)(iv) and (v) require that U.S. shareholders of foreign surviving corporations, distributing corporations, and controlled corporations in a section 367(b) exchange must file with their income tax return for the year a statement containing certain information concerning the exchange. The description of the required information can be found in Section 1.367(c)(4)(i) through 1.367(c)(5)(ii). In addition, if the United States person is required to file a Form 5471 (Information Return of U.S. Persons With Respect to Certain Foreign Corporations), the section 367(b) notice must be attached to the Form 5471.

In the case of a shareholder that makes the election described in § 1.367(b)-3(c)(3), notification of such election must be sent to the foreign acquired corporation (or its successor in interest) on or before the date the section 367(b) notice is filed, so that appropriate corresponding adjustments can be made in accordance with the rules of § 1.367(b)-2(e).

2. USE OF DATA

The information required of U.S. persons will be used on audit to verify compliance with §1.367(b)-7 through (b)-8.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

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 small businesses or other small entities affected by this information collection. Section 367(b) of the Internal Revenue Code and regulation §§1.367(b) 7 through (b) 8 provide rules for corporate reorganizations and divisions that involve one or more foreign corporations.

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

The information required of U.S. persons will be used on audit to verify compliance with §1.367(b)-7 through (b)-8. Less frequent collection of taxes could adversely affect the government's effectiveness and would reduce the oversight of the public in ensuring compliance with Internal Revenue Service Code.

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

The notice of proposed rulemaking was published in the *Federal Register* on November 15, 2000 (65 FR 69138).

We received no comments during the comment period in response to the *Federal Register* Notice dated May 5, 2016 (81 FR 27195).

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

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

Burden related to preparation of a statement:

<u>Respondents</u>	<u>Time per response</u>	<u>Total Burden hours</u>
600	3 hours	1,800 hours

In addition, notification of such election must be sent to the foreign acquired corporation (or its successor in interest) on or before the date the section 367(b) notice is filed and is third party burden. Time varies per respondent and is not separately available or tracked at this time and is included in the above estimates.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

After consultation with various functions within the Service, we have determined that there are no costs to the federal government as there are no developing, printing, processing, or distribution of any forms. Any processing costs are included in the respective forms in which the statements are attached.

15. REASONS FOR CHANGE IN BURDEN

There is no change to 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 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.

