

**SUPPORTING STATEMENT**

**Related Group Election With Respect to Qualified Investments in  
Foreign Base Company Shipping Operations**

**TD 7959**

**OMB Control Number 1545-0755**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

United States shareholders may elect to determine foreign base company shipping income and qualified investments in foreign base company shipping operations of controlled foreign corporations on a consolidated basis (rather than on a corporation by corporation basis).

Under Treas. Reg. §1.955A 3(d) each United States shareholder shall attach to his return a statement setting forth the adjusted basis of the property before the reduction and the amount and nature of the reduction.

The election will be effective for all years thereafter until revoked with the approval of the Commissioner of Internal Revenue. The request for consent for revocation of the election under Treas. Reg. §1.955A 3(D)(2) shall be made by mailing a letter for such purpose to the Commissioner of Internal Revenue Service containing a statement of the facts which justify such consent.

**2. USE OF DATA**

The computational information attached to each year's return is necessary to demonstrate the amount of the shareholder's taxable subpart F shipping income (if any). The computational information reported on each year's return of the U.S. shareholder would be consolidated on the basis of separate computations relating to each subject controlled foreign corporation.

**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 small entities affected by this collection.

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

The computational information attached to each year's return is necessary to demonstrate the amount of the shareholder's taxable subpart F shipping income (if any). 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 enforce tax compliance. Tax compliance is a vital part of the government's ability to meet its' mission and serve the public.

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**

A notice of proposed rulemaking was published on May 19, 1983 (48 FR 22584). At that time the public was given a 60-day period in which to review and provide comments relating to any aspect of the regulations. No public hearing was held. The proposed regulations were submitted to OMB at the time of their publication. The regulations were finalized on May 29, 1984 (49 FR 22279).

In response to the *Federal Register* Notice dated May 13, 2016 (81 F.R. 29957), we received no comments during the comment period regarding TD 7959.

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 "Individual Master File (IMF)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under: Treasury/IRS 24.030, CADE Individual Master File (IMF), and Treasury/IRS 34.037 IRS Audit Trail & Security Records System SORNs. 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**

The burden estimates are as follows:

	<u>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
§1.955A 3(d)	100	2 hours.	200 hours.
§1.955A 3(d)(2)	<u>1</u>	5 hours.	<u>5 hours.</u>
	101		205 hours.

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

There is no annual start-up costs associated with this collection.

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

There is no 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.