

SUPPORTING STATEMENT

OMB No. 1545-2156

Revenue Procedure 2010-13, Disclosure of Activities Grouped under Section 469.

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Under section 469 taxpayers may group one or more activities together for purposes of determining whether the activities are passive or non-passive activities. A decision to group or not group together activities can have a substantial tax effect under section 469, which was enacted to prevent the proliferation of tax shelters. Although authorized under regulations, the IRS has yet to issue guidance requiring taxpayers to disclose to the IRS their chosen groupings. Because no guidance has been issued, IRS field personnel have had tremendous difficulty identifying a taxpayer's groupings, and many taxpayers have opportunistically claimed various groupings depending upon the most favorable tax outcome - undermining the purpose of section 469.

2. USE OF DATA

The IRS will retain the disclosed information so that IRS field personnel may consult it when a taxpayer is audited, for litigation purposes, and in other circumstances where the need to identify the taxpayer's chosen groupings is at issue.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There are no plans to provide electronic filing because electronic filing is not appropriate for the collection of information in this submission.

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 ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

Consequences of less frequent collection on federal programs or policy activities would result in taxpayers reporting inaccurate information that is required to be submitted in order to disclose a taxpayer's grouping of activities, to measure gain or loss for purposes of *section 469* and to assist in compliance with tax obligations.

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

Revenue Procedure 2010-13 was originally published in the Internal Revenue Bulletin (2010-4 I.R.B.329), on January 25, 2010.

We received no comments during the comment period in response to the *Federal Register* notice (81 FR 35820), dated June 3, 2016.

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

The collections of information are in section 4 of this revenue procedure. The estimated number of annual respondents to whom this revenue procedure will apply is 144,000. The actual disclosure requirements are minimal. Taxpayers need only list the various activities that constitute the grouping and provide an EIN (if applicable) and address. Most taxpayers will only have a few activities. Thus, the estimated annual burden per respondent for the taxable years to which this revenue procedure applies varies from 10 minutes to 20 minutes, with an average of 15 minutes, though individual circumstances will vary. The estimated total annual reporting burden for the taxable years to which this revenue procedure applies is 36,000 hours.

Revenue Procedure	Responses	Average hours/response	Total annual burden Hours
2010-13	144,000	Varies 10 minutes to 20 minutes (average of 15 minutes)	36,000

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

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

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

There is no estimated annualized cost to the federal government.

15. REASONS FOR CHANGE IN BURDEN

The change in burden hours are due to a mathematical error in the transposing of numbers. Instead of 39000 annual burden hours, it should have reflected 36,000 annual burden hours.

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 revenue procedure 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 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 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.

