

SUPPORTING STATEMENT
Revenue Procedure 2000-42 (TD 9315)
OMB# 1545-1706

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 1503(d) provides that a dual consolidated loss of a dual resident corporation cannot be used to reduce the taxable income of any other member of the corporation's affiliated group for any taxable year. A taxpayer may elect to use a dual consolidated loss of a dual resident corporation by entering into an agreement under section 7121 and Reg. §1.1503-2(g)(2)(i) in which the taxpayer certifies that the dual consolidated loss has not been, and will not be, used to offset the income of another person under the laws of a foreign country. Certain subsequent events, known as triggering events, require the taxpayer to recapture the losses as income, including an interest charge. A taxpayer may in certain situations obtain a closing agreement with the Internal Revenue Service under §1.1503-2(g)(2)(iv)(B) to prevent an event described as a triggering event from being treated as a triggering event requiring recapture of losses and an interest charge. This revenue procedure explains the procedure for taxpayers to obtain a closing agreement under §1.1503-2(g)(2)(iv)(B).

The IRS and the Department of the Treasury are issuing this revenue procedure to provide taxpayers with guidance on the information and representations they should include in a section 1503(d) closing agreement request. Before this revenue procedure, the IRS and the Treasury had not specified in detail how taxpayers should request these closing agreements.

2. USE OF DATA

The final section 1503(d) regulations provide two exceptions to events described as triggering events, making the events not triggering events requiring recapture of losses and an interest charge. The first exception, under §1.1503-2(g)(2)(iv)(A), applies when a dual resident corporation, or its

assets, is acquired by another member of the dual resident corporation's consolidated group. The second exception, under §1.1503-2(g)(2)(iv)(B), applies when a dual resident corporation or a domestic owner of a separate unit becomes disaffiliated from its consolidated group, or when an unaffiliated domestic corporation or new consolidated group acquires the dual resident corporation or its assets, provided the taxpayer enters into a closing agreement. This revenue procedure outlines the procedure for the exception under §1.1503-2(g)(2)(iv)(B). The information that taxpayers submit under this revenue procedure will enable the IRS to determine whether to execute a closing agreement under sections 1503(d) and 7121.

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

Consequences of less frequent collection on federal programs or policy activities could consist of a decrease in the amount of taxes collected by the Service, inaccurate and untimely filing of tax returns, and an increase in tax violations.

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

Revenue Procedure 2000-42 was published in the **Internal Revenue Bulletin**, (2000-43 I.R.B. 394), on October 23, 2000. Final regulations (TD 9315), issued March 19, 2007, in the Federal register (72 FR 12901), have made RP 2000-42 obsolete in part, with respect to triggering events occurring after April 18, 2007.

In response to the Federal Register Notice June 3, 2016 (81 FR 35819), we received no comments during the comment period regarding Rev. Proc. 2000-42 and TD 9315.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

No payment or gift was 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)" and a Privacy Act System of Records notice (SORN) has been issued for these systems under IRS 22.062 - Electronic Filing Records; IRS 24.030 - Customer Account Data Engine (CADE) Individual Master File; IRS 24.046 - CADE Business Master File (BMF); IRS 34.037 - IRS Audit Trail and Security Records System. The Internal Revenue Service PIA's can be found at <http://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 collection of information is contained in sections 4 and 5 of this revenue procedure. This information will enable the IRS to determine whether to execute a closing agreement under sections 1503(d) and 7121. The estimated annual burden to prepare a submission to request a section 1503(d) closing agreement is 100 hours, and the estimated number of respondents that will request a section 1503(d) closing agreement is 20. Therefore, the estimated average annual burden is 2,000 hours.

Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There is no estimated cost burden to respondents.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

There is no estimated 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 revenue procedure sunsets as of the expiration date. Taxpayers are not likely to be aware that the IRS 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 ON OMB FORM 83-I

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.