

SUPPORTING STATEMENT
Revenue Procedures 98-46 and 97-44
OMB 1545-1559

1. **CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Sections 472(c) and (e)(2) of the Internal Revenue Code provide that a taxpayer may use the LIFO (Last-in first-out) inventory method for federal income tax purposes only if it has used no method other than LIFO in inventorying goods to ascertain its income, profit, or loss for the taxable year in a report or statement to owners or for credit purposes. When a taxpayer violates section 472(c) or (e)(2), the Commissioner may require the taxpayer to change to another inventory accounting method. These revenue procedures permit automobile dealers and medium - and heavy-duty truck dealers that violated the requirements of section 472(c) or (e)(2) to continue using the LIFO inventory method for federal income tax purposes.

2. **USE OF DATA**

The information will be used by taxpayers to aid them in complying with the terms of the revenue procedure. The information will also be used by the Internal Revenue Service to verify taxpayers' compliance with the terms of the revenue procedure.

3. **USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

Low volume compared to cost of electronic enabling.

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**

Although the occurrences are less frequent, if any, the consequences of less frequent collection on federal programs or policy activities would occur if the OMB number is removed. The reason being is that the Revenue Procedure has continuing viability

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**

In response to the Federal Register Notice dated May 31, 2016 (81 FR 34436), we received no comments during the comment period regarding Rev. Proc. 98-46 and 97-44.

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**

There is no personally identifiable information (PII) collected.

12. **ESTIMATED BURDEN OF INFORMATION COLLECTION**

Section 5 of the Revenue Procedure 97-44 requires that an automobile dealer's application for relief under the revenue procedure include certain information regarding its inventory accounting method. We estimate that approximately 5,000 automobile dealers will apply for relief under the revenue procedure and that it will take approximately 20 hours to make this application. The total time estimate for automobile dealers to meet this reporting requirement is 100,000

hours.

Revenue Procedure 98-46 modifies Revenue Procedure 97-44 by allowing medium-and heavy-duty truck dealers to take advantage of the favorable relief provided in Revenue Procedure 97-44. The burden is reflected in the burden of Revenue Procedure 97-44.

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 are 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 revenue procedures 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 information are confidential, as required by 26 U.S.C. 6103.