

Supporting Statement
OMB# 1545-0889
(Forms 8275 and 8275-R)

CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code section 6662 imposes accuracy related penalties on taxpayers and section 6694 imposes these penalties on tax return preparers. The penalties may be reduced if the taxpayer or preparer adequately discloses the relevant facts affecting the tax treatment of any item on the return provided the items are not from a tax shelter. Regulations sections 1.6662-4(e) and (f) set forth rules requiring the use of Form 8275 to make the disclosure. Form 8275-R has been developed to be used for disclosures involving a position reflecting a tax treatment that is contrary to a regulation. Form 8275-R requires the filer to cite the regulation in question.

2. USE OF DATA

The IRS uses the information provided on Forms 8275 and 8275-R to determine whether the penalties under section 6662 and 6694 should be imposed or if the disclosures required by regulations sections 1.6662-4(e) and (f) are adequate.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are currently offering electronic filing.

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

In response to the **Federal Register** Notice dated July 6, 2016, (81 FR 44090), we received no comments during the comment period regarding Forms 8275 and 8275-R.

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)" 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 time needed to complete and file these forms will vary depending on individual circumstances. The estimated burden for individuals is approved under OMB number 1545-0074, the estimated burden for businesses is approved under OMB number 1545-0123, and the estimated burden for all others who file this form is shown below, under OMB number 1545-0889.

	<u>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
8275			333,333 5.68
8275-R			1,893,332 <u>333,333</u> 5.47
			<u>1,823,332</u>
	666,666		
			3,716,664

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0889 to these regulations:

- 1.6661
- 1.6662

We have reviewed these regulations and have determined that the reporting requirements contained in them are entirely reflected on the forms. The justification appearing in item 1 of the supporting statement applies both to these regulations and to the forms.

Estimates of annualized cost to respondents for the hour burdens shown above 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

The primary cost to the government consists of the cost of printing these forms. We estimate that the cost of printing the forms is \$10,526.

15. REASONS FOR CHANGE IN BURDEN

There are no changes to the forms at this time.

We are making this submission for renewal purposes.

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

See attachment.

18. EXCEPTION 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.