

OMB Control Number 1545-1093
SUPPORTING STATEMENT
(TD 8416)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 56(a) of the Internal Revenue Code of 1954 imposes a 15 percent minimum tax on tax preference items, as defined in section 57, that are used by a corporate taxpayer. This tax is applicable for taxable years beginning after 1975, and before 1987. Section 58(h) of the Code provides that the Secretary shall prescribe regulations that adjust items of tax preference, where the tax treatment giving rise to such items, will not result in a tax benefit for any taxable year.

The regulation provides that if a taxpayer derives no current tax benefit from items of tax preference because of available credits, then no minimum tax is imposed on such preferences. The regulation further provides that taxpayers must reduce credits that are not used, because of such preferences by the amount of minimum tax that would have been imposed if these preferences had produced a tax benefit.

The regulation provides that in determining the amount of minimum tax liability on non-beneficial preferences by which to reduce freed-up credit for each category and taxable year from which such credit is carried over, taxpayers may elect to use the simplified credit reduction method. Such an election must be made by attaching a statement indicating such an election that applies the adjustments of this regulation for the taxable year, to the amended return being filed. The election may be made separately for each taxable year for which an amended return is filed and may only be revoked with the permission of the Secretary.

The regulation also provides that taxpayers may claim a credit or refund of the minimum tax paid on non-beneficial preferences by filing an amended return for the taxable year for which such minimum tax was paid. Such amended return must apply the adjustments set forth in this regulation. Further, an amended return must be filed for any taxable year for which the amount of credit allowed for such year must be recomputed as a result of applying the credit reduction adjustments set forth in this regulation.

2. USE OF DATA

The data is used by the IRS to verify that the proper amount of both regular tax and minimum tax is being reported.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS Publications, 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.

We have no plans to offer electronic filing because of low filing 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

We have attempted to minimize burden on small businesses and other small entities.

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

We ask for the information to carry out the Internal Revenue laws of the United States. We need it to ensure taxpayers are complying with the laws, and to allow us to figure and collect the right amount of tax.

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 simultaneously with

temporary regulations on May 5, 1989 (54 FR 19409). At that time, the general public was given a 30-day period in which to review and provide comments relating to any aspect of the regulations. No public hearing was held. The final regulations were published on May 5, 1992.

In response to the **Federal Register Notice** dated June 14, 2016 (81 FR 38774), we received no comments during the comment period regarding TD 8416.

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

No payments or gifts are being provided.

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 being collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Burden Estimation:

Section 1.58-9(e)(3) of this regulation requires taxpayers claiming a credit or refund to file an amended return for the taxable year for which a credit or refund of minimum tax is claimed. In addition, a tax liability for such year is changed as a result of applying the credit reduction adjustments of this regulation. We estimate that approximately 500 respondents will file such amended returns. The burden of this requirement is reflected on Form 1120X.

Section 1.58-9(c)(5)(iii)(B) of this regulation requires taxpayers that elect to use the simplified credit reduction method to make such election on a statement attached to an amended income tax return. We estimate that approximately 200 respondents will make such election and that it will take approximately .2 hours to make such election. The total burden estimate for this requirement is 40 hours.

Respondents	Time/Respondent	Burden
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200	.2 hrs.	40 hrs.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There is no estimated total annual cost burden to respondents.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The collection of information does not require a form. Therefore, the estimated annualized cost to the government is minimal.

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.

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.

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.