

SUPPORTING STATEMENT

1545-1361

26 CFR Part 52 - Environmental Taxes
(§52.4681-1 thru §52.4682-5)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Sections 4681 and 4682 were enacted as part of the Omnibus Budget Reconciliation Act of 1989 (Public Law 101-239), which established an excise tax on the sale of chemicals which deplete the ozone layer and of products containing such chemicals. Further revisions were to the Code by the Revenue Reconciliation Act of 1990 (Public Law 101-508), the Omnibus Budget Reconciliation Act of 1990, and the Energy Policy Act of 1992, Public Law 102-486. Section 4681 of the Internal Revenue Code imposes a tax on the sale or use of ozone-depleting chemicals (ODCs) by the manufacturer or importer thereof and section 4682 provides special rules relating to certain ODCs.

Information collection requirements under Code sections were codified under Title 26 Part 52 require:

- Elections to treat the sale or use of mixtures containing zone-depleting chemicals as the first sale or use of the ozone-depleting chemicals contained in the mixtures and to treat the entry of products into the United States as the use of such products. (Form 6627).
- Certification requirements in order for a sale to be free from the tax on ozone-depleting chemicals; chemicals for use as medical sterilants; chemicals for use as propellants in metered-dose inhalers;
- Purchasers for export to provide a certificate to the manufacturer of the ODC and records relating to these sales.
- Request to modify the Imported Products Table.
- Inventory requirements with respect to floor stocks tax imposed on certain ODC.
- Registration for export or for resale for export by Manufacturers, importers, and purchasers (Form 637)
- Documents relating to proof of export.
- Documentation to repay or agree to repay the amount of the tax to the person that exported the ODC or to obtain the written consent of the exporter to the allowance of a credit or the making of a refund.

The following information collections are related to this specific regulation and will be consolidated into one collection in the future:

- (1) Section 52.4682-1(b)(2)(iii) of the regulations permits a manufacturer or importer to elect to treat the sale or use of mixtures containing ozone-depleting chemicals as the first sale or use of the ozone-depleting chemicals contained in the mixtures. An election is made on Form 6627. The burden for this reporting requirement is reflected on Form 6627 (#1545-0245).
- (2) Section 52.4682-2(b) and -2(d) provides that a seller must get a certificate described in section 52.4682-2(d) from the buyer in order for a sale to be free from the tax on ozone-depleting chemicals. We estimate that there are 200 respondents and it will take 6 minutes to complete the certificate and 6 minutes to retain the records. The total burden for this reporting requirement is 20 hours and is claimed under OMB #1545-1466; 20 hours for recordkeeping.
- (3) Section 52.4682-2(b)(3) of the regulations requires manufacturers of ozone-depleting-chemicals to obtain and retain certificates provided by purchasers of chemicals for use as medical sterilants. We estimate that 100 manufacturers will take 6 minutes to complete the certificate (claimed under OMB #1545-1466) and 0.1 hour to retain the records. The total burden for this recordkeeping requirement is 10 hours.
- (4) Section 52.4682-2(b)(4) of the regulations requires manufacturers of ODCs to obtain and retain certificates provided by purchasers of chemicals for use as propellants in metered-dose inhalers. We estimate that 100 manufacturers will take 6 minutes to complete the certificate (claimed under OMB #1545-1466) and 6 minutes to retain the records. The total burden for this recordkeeping requirement is 10 hours.
- (5) Section 52.4682-3(c)(2) of the regulations permits importers to elect to treat the entry of products into the United States as the use of such products. An election is made on Form 6627 (#1545-0245). The burden for this reporting requirement is reflected on Form 6627.
- (6) Section 52.4682-3(g) of the regulations provides rules for requesting that the Imported Products Table be modified. We estimate that approximately 100 persons will file requests for modification of the Table and that it will take them approximately one hour to prepare the request. The total burden for this reporting requirement is 100 hours.
- (7) Section 52.4682-4(f) of the regulations requires that on January 1, 1990, and later years, persons liable for floor stocks tax under section 4682(h) of the Code prepare and retain an inventory. We estimate that 150,000 persons must prepare an inventory and that it will take them 0.5 hour to complete. The total burden for this requirement is 75,000 hours.
- (8) Section 52.4682-5(d)(1)(i) of the regulations requires manufacturers, importers, and

purchasers for export or for resale for export to register with the Service. We estimate that 500 persons will register. The burden for this reporting requirement is reflected on Form 637 (#1545-0014).

- (9) Section 52.4682-5(d)(3) of the regulations requires certain purchasers for export to provide a certificate to the manufacturer of the ODC and to retain records relating to these sales. We estimate that 500 persons will fill out these certificates and it will take them 6 minutes to complete and 6 minutes to retain the records. The total burden for this requirement is 50 hours for reporting (claimed under OMB #1545-1466) and 50 hours for recordkeeping.
- (10) Section 52.4682-5(d)(4) of the regulations requires purchasers for export to obtain documents relating to proof of export. We estimate that 250 persons will obtain and retain the documents and it will take them 6 minutes to retain the records. The total burden for this recordkeeping requirement is 25 hours.
- (11) Section 52.4682-5(f)(3) of the regulations requires manufacturers and importers of ODCs to obtain the documents required under § 52.4682-5(d)(4) and to either repay or agree to repay the amount of the tax to the person that exported the ODC or to obtain the written consent of the exporter to the allowance of a credit or the making of a refund. We estimate that 500 manufacturers will obtain and retain the consents and it will take 6 minutes to retain the records. The total burden for this recordkeeping requirement is 50 hours. (Reporting claimed under #1545-1466).

2. **USE OF DATA**

The data is used by the Internal Revenue Service and taxpayers to verify that the proper amount of tax is reported. It is also used by the Internal Revenue Service to determine whether modifications to the Imported Products Table are required.

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

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**

We have been unable to reduce burden specifically for small businesses.

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

Consequences of less frequent collection on federal programs or policy activities could result in 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**

Public comment opportunities were solicited through the *Federal Register* on rulemaking actions to codify Code requirements under Part 52 of the Code of Federal Regulations. Comments received were summarized in the subsequent rulemaking actions.

- Temporary regulations (TD 8311) were published on September 6, 1990 (55 FR 36612), cross-referencing a notice of proposed rulemaking (PS-73-89) published on the same day (55 FR 36659), relating to tax imposed under sections 4681 and 4682 of the Code on ozone-depleting chemicals (ODCs) and on products containing ODCs, as added by the Omnibus Budget Reconciliation Act of 1989, Public Law 101-239.
- Temporary regulations (TD 8327) amending the existing temporary regulations to reflect changes made by the Revenue Reconciliation Act of 1990, Public Law 101-508, which imposed the tax on additional chemicals, were published January 2, 1991 (56 FR 18). A notice of proposed rulemaking (PS-97-90) cross-referencing the temporary regulations was published the same day (56 FR 50).
- Temporary regulations (TD 8356) amending the existing temporary regulations with respect to floor stocks tax imposed on certain ODCs, made by the Omnibus Budget Reconciliation Act of 1990, were published August 14, 1991 (56 FR 40246). A notice of proposed rulemaking (PS-60-91) cross-referencing the temporary regulations published on the same day (56 FR 40286).
- Final Regulations (TD 8370) were published November 4, 1991 (56 FR 56303).
- The notice of proposed rulemaking (PS-89-91) was published January 15, 1993 (58 FR 4625), which proposed changes made by the Energy Policy Act of 1992, Public Law 102-486.

- The final regulation (TD 8622) was published in the October 11, 1995 (60 FR 52848) that adopted NPRM dated January 15.

In response to the Federal Register Notice dated August 31, 2016 (81 FR 60123), we received no comments during the comment period regarding TD 8622.

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.

No personally identifiable information (PII) is collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The total burden for the above requirements is 75,265 hours, affecting 150,350 taxpayers.

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 are no changes to the total burden 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

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 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.