

SUPPORTING STATEMENT
Internal Revenue Code Section 108(i) Election
#1545-2147

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 108(i)(5)(B) of the Internal Revenue Code (section 1231 of ARRA) allows a taxpayer to elect to defer for up to 5 years the taxation of certain income arising from cancellations in 2009 or 2010 of certain debt instruments. The taxpayer must then include the deferred amount in income ratably over 5 years. Certain deductions also may be deferred. The election is voluntary, but the statute requires an electing taxpayer to attach a statement to the taxpayer's tax return that clearly identifies the debt instrument, the amount of income deferred, and other information the Secretary may prescribe.

2. USE OF DATA

The data collected will provide the Secretary with the information necessary to track the respondents' deferred income and deductions.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The electronic submission of the information is permitted.

4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication in the agency wherever possible.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

There are no 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 result in the Service not having the information necessary to clearly identify the debt instrument in question or to adequately account for the amount of income or the amount of deductions deferred under

section 108(i) of the Code.

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

Periodic meetings are held between IRS personnel and representatives of various professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding the collection requirements under this revenue procedure.

In response to the notice published in the *Federal Register* (81 FR 66737), on September 28, 2016, we received no comments.

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 in this collection.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The burden estimate is as follows:

<u>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
50,000	6 hours	300,000

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no start-up costs associated with this collection.

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 or none.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the burden previously approved by OMB.

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 guidance sunsets as of the expiration date.

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.