

SUPPORTING STATEMENT
(Form 8716)
OMB 1545-1036

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The Tax Reform Act of 1986 required all S corporations, Partnerships, Personal Service Corporations (PSCs) and certain trusts to be on the same tax year as their owner. The owner is considered a shareholder/partner that owns more than 50% of the stock/assets. Usually the owner is on a tax year of December 31. The affected entities had to adopt the tax year of their owner with tax periods that began in 1986.

Form 8716 is filed by partnerships, S corporations, and personal service corporations (as defined in section 441(i)(2)) to elect under section 444 to have a tax year other than a required tax year.

2. USE OF DATA

Form 8716 provides IRS with information to determine that the section 444(a) election is properly made. It also identifies the tax year to be retained, changed, or adopted under section 444. When the election is accepted, the Service Center assigns a master file code that allows the electing entity to file Form 1065, 1120S, or 1120 with a fiscal tax year that would otherwise not be acceptable.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Form 8716 does not involve the use of automated, electronic, or other technological collection techniques.

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

The collection of information requirement will not have a significant economic impact on a substantial number of small entities.

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

Form 8716 provides IRS with information to determine that the section 444(a) election is properly made. Consequences of less frequent collection on federal

programs or policy activities would consist of: decreased 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

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding Form 8716.

In response to the **Federal Register Notice** dated **September 1, 2016 (81 FR 75 60407)**, we received no comments during the comment period regarding Form 8716.

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)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.046-Customer Account Data Engine Business Master File. The Internal Revenue Service PIAs 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

<u>Form</u>	<u>No.of Response</u>	<u>Time per Responses Total hours</u>	
Form 8716		5.11	40,000
		204,400	

Estimates of the annualized cost to respondents for the hour burdens shown above are not available at this time.

The following regulations impose no additional burden. Please continue to assign OMB number 1545-1036 to these regulations:

1.444-3T(b)(1)	1.444-3T(b)(3)(i)
1.444-3T(c)(2)(ii)	1.444-3T(b)(2)(ii)
1.7519-2T(a)(2)(i)	1.6081-3T

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There is no start-up cost associated with this collection.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The primary cost to the government consists of the cost of printing the form. We estimate that the cost of printing the form is \$601.

15. REASONS FOR CHANGE IN BURDEN

There are no changes being made to the form 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. 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.