

**SUPPORTING STATEMENT**  
**Changes in Accounting Periods**  
**REG-106917-99**  
**(TD 8996)**  
**1545-1748**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Section 441 provides that taxable income must be computed on the basis of the taxpayer's taxable year. Section 441 also allows taxpayers to elect to adopt a 52-53-week taxable year. Section 442 provides that if a taxpayer wants to change its annual accounting period it must first receive the consent of the Commissioner. Section 1.441-2(b)(1) requires certain taxpayers to file statements on their returns to notify the Commissioner of the taxpayer's election to adopt a 52-53-week taxable year. Section 1.442-1(d) requires a newly married husband or wife to file a statement with their short period return when changing to the other spouse's taxable year.

**2. USE OF DATA**

This data is necessary to allow the IRS Service Centers to process those taxpayers who wish to elect to adopt a 52-53-week taxable year and it provides the parties with evidence of this desired taxable year. The information also allows a taxpayer to avoid filing a Form 1128 with the Internal Revenue Service.

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

There are no plans to provide electronic filing because electronic filing is not appropriate for the collection of information in this submission.

**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**

Less frequent collection would result in inappropriate withholding.

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 September 26, 2016 (81 FR, 66128), we received no comments during the comment period regarding TD 8996.

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**

No personally identifiable information collected.

12. **ESTIMATED BURDEN OF INFORMATION COLLECTION**

Section 1.441-2(b)(1) requires certain taxpayers to file statements on their federal income tax returns to notify the Commissioner of the taxpayers' election to adopt a 52-53 week taxable year. It is estimated that there will be 500 respondents, and that it will take 20 minutes per respondent. The total annual reporting hours for this regulation section is 167 hours.

Section 1.442-1(b)(1) requires that in order to secure the

consent of the Commissioner to adopt, change, or retain an annual accounting period, a taxpayer must file an application, generally, on a Form 1128 (Application To Adopt, Change or Retain a Tax Year). The burden for this requirement is reflected in the burden of Form 1128.

Section 1.442-1(b)(4) provides that certain taxpayers must establish books and records that clearly reflect income for the short period involved when changing their taxable year to a fiscal taxable year. It is estimated that 250 recordkeepers will be affected by this requirement, and it will take each recordkeeper an hour to keep the records. The total annual recordkeeping hours for this regulation section is 250 hours.

Section 1.442-1(d) requires a newly married husband or wife to file a statement with their short period returns when changing to the other spouse's taxable year. It is estimated that 250 respondents will be affected by this requirement, and it will take 20 minutes per respondent. The total annual reporting hours for this regulation section is 83 hours.

Section 1.1378-1, which deals with the taxable year of an S corporation, provides that an electing S corporation that wants to adopt, change, or retain a taxable year other than its requested taxable year must request approval of the Commissioner on Form 2553 (Election by a Small Business Corporation). The burden for this requirement is reflected in the burden of Form 2553.

The total burden for these requirements is 500 hours.

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

**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**

There is no annualized cost to the federal government.

**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, 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 regulations sunset 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.