

## **SUPPORTING STATEMENT**

Application To Adopt, Change, or Retain a Tax Year  
OMB Control Number 1545-0134

### **1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Section 442 of the Internal Revenue Code requires that a change in a taxpayer's annual accounting period be approved by the Secretary. Under section 1.442-1(b) of the Income Tax Regulations, a taxpayer must file Form 1128 to secure prior approval unless the taxpayer can automatically make the change.

### **2. USE OF DATA**

This data is used by IRS to ascertain whether a taxpayer has a business purpose for making the change. Consideration will be given as to whether the taxpayer has complied with the regulations and established a business purpose for making the change. The agreement between the taxpayer and IRS under which the change will be made shall, if appropriate, provide terms, conditions, and adjustments necessary to prevent a substantial distortion of income.

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

Low filing volume does not justify the electronic enabling of Form 1128.

### **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**

There are no small entities affected by this collection.

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

In order to secure the approval of the Commissioner to adopt, change, or retain an annual accounting period, a taxpayer must file an application, generally on Form 1128, "Application To Adopt, Change, or Retain a Tax Year," with the Commissioner within such time and in such manner as is provided in administrative procedures published in TD 8996 (1545-1748).

Failure to collect the information will prevent taxpayers from adopting, changing, or retaining an annual accounting period.

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 1128.

In response to the **Federal Register notice** dated **September 28, 2016, (81 FR 66739)**, we received no comments during the comment period regarding Form 1128.

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:

Treas/IRS 24.046 BMF

Treas/IRS 34.047 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..

12. **ESTIMATED BURDEN OF INFORMATION COLLECTION**

| <u>Form</u>     | <u>Responses</u> | <u>No. of Response</u> | <u>Time per Hours</u> | <u>Total</u> |
|-----------------|------------------|------------------------|-----------------------|--------------|
|                 |                  |                        | 1128 PT I & II        |              |
|                 |                  |                        | 7,788                 |              |
|                 |                  |                        | 20.73                 | 161,446      |
| 1128 PT I & III | <u>2,000</u>     |                        |                       | 35.31        |
|                 |                  |                        | <u>70,620</u>         | -            |
|                 | 9,788            |                        |                       |              |
|                 |                  |                        | 232,066               |              |

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

We have reviewed the following regulations and have determined that the reporting requirements contained in them are entirely reflected on the form. The justification appearing in Item I of the supporting statement applies both to these regulations and to the form. Please continue to assign OMB number 1545-0134 to these regulations.

1.442-1  
1.706-1(b)

**13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

As suggested by OMB, our **Federal Register** notice dated **September 28, 2016**, requested public comments on estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. However, we did not receive any response from taxpayers on this subject. As a result, estimates of the cost burdens are not available at this time.

**14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT**

The primary cost to the government consists of the cost of printing Form 1128. We estimate that the cost of printing the form is \$1,853.

**15. REASONS FOR CHANGE IN BURDEN**

There is no change to 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**

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.