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**SUPPORTING STATEMENT**  
**Internal Revenue Service**  
**Form 8874-B, Notice of Recapture Event for New Markets Credit**  
**OMB # 1545-2066**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Form 8874-B is used for qualified Community Development Entities (CDEs) to provide notification to any taxpayer holder of a qualified equity investment (including prior holders) that a recapture event has occurred. This form is used to make the notification as required under Regulations section 1.45D-1(g)(2)(i)(B).

**2. USE OF DATA**

The certification and recordkeeping requirements that § 1.45D-1(g)(2)(i)(B) place on the recipients of the holders are used by the Internal Revenue Service (IRS) to verify that the taxes have been properly computed. The amount recaptured from the original credits taken on Form 8874 must be reconciled on the filer's income tax return.

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

Form 8874-B can be filled in electronically, but may not be submitted electronically. There is no plan to offer electronic filing for this collection due to the low volume of filers.

**4. EFFORTS TO IDENTIFY DUPLICATION**

The information obtained through this collection is unique and is not already available for use or adaptation from another source.

**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**

If the Internal Revenue Service (IRS) did not collect this information, the IRS will not be

able to enforce Regulation Section 1.45D-1(g)(2)(i)(B) and to verify that the taxes have been properly computed and would therefore not meet its mission. The amount recaptured from the original credits taken on Form 8874 must be reconciled on the filers income tax return.

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 notice.

In response to the Federal Register notice dated January 27, 2017 (82 FR 8649), we received no comments during the comment period regarding Form 8874-B.

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 Department of Treasury PIAs can be found at <http://www.treasury.gov/privacy/PIAs/Pages/default.aspx>

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**

<b>Authority</b>	<b>Description</b>	<b># of Respondents</b>	<b># Responses per Respondent</b>	<b>Annual Responses</b>	<b>Hours per Response</b>	<b>Total Burden</b>
Regulation 1.45D-1(g)(2)(i)(B).	Form 8874-B, Notice of Recapture Event for New Markets Credit	500	1	500	5.51	2,755
<b>Totals</b>				<b>500</b>		<b>2,755</b>

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**

The primary cost to the government consists of the cost of printing Form 8874-B. We estimate that the cost of printing the form is \$150.

## **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**

We believe that displaying the OMB expiration date is inappropriate because it would cause confusion by leading taxpayers to believe that the form sunsets as of the expiration date. Taxpayers may not be aware that the IRS 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 for this collection.

**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.