

**SUPPORTING STATEMENT**  
**Internal Revenue Service**  
Revenue Procedure 2001-37  
OMB **1545-1731**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

A taxpayer that wants to revoke its election to be treated as a domestic corporation for all purposes of the Internal Revenue Code (“Code”) must file a revocation statement with the Internal Revenue Service (“IRS”).

A foreign sales corporation (“FSC”) that wants to revoke its election to apply the extraterritorial income (“ET”) rules, in lieu of the FSC rules, to any transaction must file a request for consent with the IRS.

Revenue Procedure 2001-37 provides guidance to taxpayers regarding certain elections made pursuant to the FSC Repeal and Extraterritorial Income Exclusion Act of 2000 (the “Act”). Pub. L. No. 106-519, 114 Stat. 2423 (Nov. 15, 2000). Specifically, this revenue procedure includes guidance with respect to the election to exclude gross receipts from foreign trading gross receipts under section 942(a)(3) of the Internal Revenue Code (“Code”), the election (and revocation of such election) by a foreign corporation to be treated as a domestic corporation under § 943(e)(1), and the election (and revocation of such election) by a taxpayer to apply the extraterritorial income exclusion (the “ETI exclusion”) in lieu of the foreign sales corporation (“FSC”) provisions to certain transactions under section 5(c)(2) of the Act.

2. USE OF DATA

The IRS will use the revocation statement as evidence that the taxpayer intends to revoke its election to be treated as a domestic corporation for all purposes of the Code.

The IRS will use the request for consent as evidence that the taxpayer wishes to revoke its election to apply the ET rules in lieu of the FSC rules.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS Publications, Regulations, Notices and Letters are to be

electronically enabled on an as practicable basis in accordance with the IRS Reform and Restructuring Act of 1998. 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

There are no small entities affected by this collection.

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

A less frequent collection will prevent the IRS from determining if the taxpayers properly comply and/or report with the requirements outlined in section 943 of the Code and will not allow the IRS to meet its mission.

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

Revenue Procedure 2001-37 was published in the **Internal Revenue Bulletin** on June 4, 2001 (2001-23 IRB 1327).

We received no comments during the comment period in response to the **Federal Register** notice dated February 23, 2017 (82 FR 11497).

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

In accordance with the Privacy Act of 1974, Treasury has published its complete Privacy Act systems of records notices, which include all maintained records systems as of January 2, 2014; six systems have been amended, altered, or added since April 20, 2010, when the complete notices were last published. See 79 F.R. 209-261 and 79 F.R. 183-206, which was published on January 2, 2014.

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

The collections of information are in sections 3, 4, 5, and 6. The collections in sections 4, 5 and 6 are required for a taxpayer that elects to exclude some, but not all, of its gross receipts from foreign trading gross receipts for purposes of the ETI exclusion provisions; for a corporation subject to an election to be treated as a domestic corporation to revoke such election; for a taxpayer that elects to apply the ETI exclusion provisions to its transactions in lieu of the FSC provisions; and for a taxpayer subject to an election to apply the ETI exclusion provisions, in lieu of the FSC provisions, to revoke such election.

In section 5.06, we estimate that 54 taxpayers per year may want to revoke their election to be treated as a domestic corporation for all purposes of the Code. We estimate that preparing the required revocation statement will require 20 minutes by each respondent, for a total of 18 hours annually.

In section 6.06, we estimate that 2 FSCs may want to revoke their election to apply the ET rules in lieu of the FSC rules. We estimate that preparing the required request for consent to revoke the election will require 20 minutes by each taxpayer, for a total of 1 hour.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden Hours
Rev Proc 2001-37 § 5.06	Election revocation Domestic	54	1	54	.33	17.82
Rev Proc 2001-37 § 6.06	Election Revocation ET rules	2	1	2	.33	.66
Totals		56				19

The estimated average annual burden per respondent required in §§ 3, 4, 5.04, and 6.05 is reflected in the burden of Form 8873 (OMB No. 1545-1722).

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register** Notice dated February 23, 2017, 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, the IRS estimates the cost burden to the respondents to be nominal.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

There is no estimated 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 revenue procedure sunsets 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.