

**SUPPORTING STATEMENT**  
**Internal Revenue Service**  
**OMB control number 1545-1628**  
**(TD 8855) (REG-118620-97) Communications Excise Tax; Prepaid Telephone Cards**  
**(PTC)**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Section 4251(d) of the Internal Revenue Code imposes a tax on the transfer of prepaid telephone cards (PTCs) by a telecommunications carrier to a person that is not a carrier.

Section 4251(d) of the Code was added by the Taxpayer Relief Act of 1997.

Section 49.4251-4(d)(2) of the regulations requires a carrier transferring a PTC to another carrier to obtain and retain a statement signed by the purchaser to document the purchaser's status as a carrier.

**2. USE OF DATA**

The data will be used by the Internal Revenue Service to verify that a transfer of a prepaid telephone cards is not a taxable event.

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

IRS publication, 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. We have no plans at this time to offer electronic filing because of the low volume compared to the cost of electronic enabling.

**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 ACITIVITIES**

A less frequent collection of this information would not enable the Internal Revenue Service to determine if there has been a taxable event per Code of Federal Regulation Section 49.4251-4(d)(2) and thereby hindering the Internal Revenue Service from meeting 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**

In response to the **Federal Register Notice** dated February 15, 2017 (**82 FR 10852**), we received no comments during the comment period regarding TD 8855.

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 under 26 U.S.C. 6103.

11. **JUSTIFICATION OF SENSITIVE QUESTIONS**

No personally identifiable information (PII) is collected.

12. **ESTIMATED BURDEN OF INFORMATION COLLECTION**

Section 49.4251-4(d)(2) of the regulations requires carriers to obtain and retain statements provided by purchasers that are carriers to avoid responsibility for collecting tax. We estimate that 8 carriers will obtain and retain an average of 12 statements each, for a total of 96 statements retained, and it will take them 0.1 hour to retain each statement. The total burden for the recordkeeping requirement is 9.6 hours.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
49.4251-4(d)(2)	Carrier's recordkeeping	8	12	96	.1	9.6
49.4251-4(d)(2)	Purchaser's Reporting	96	1		.25	24
<b>Totals</b>				<b>96</b>		<b>34.6</b>

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

To ensure more accuracy and consistency across its information collections, IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, IRS will update this information collection to reflect a more precise estimate of burden and costs.

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

The collection of information does not require a form. Therefore, the estimated annualized cost to the government is minimal or none.

**15. REASONS FOR CHANGE IN BURDEN**

There is no change in the paperwork burden previously approved by OMB. There is a correction to the number of respondents to reflect 96 (as stated above in number 12) in the ROCIS submission.

We are also 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.

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.

**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 it displays a valid control number assigned by the Office of Management and Budget. 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.