

SUPPORTING STATEMENT
Internal Revenue Service
Form 8886 Reportable Transaction Disclosure Statement
Form 14234 Pre-CAP and CAP Application Form
OMB #1545-1800

CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Form 8886

Regulations section 1.6011-4 provides that certain taxpayers must disclose their direct or indirect participation in reportable transactions when they file their Federal income tax return.

Pre-CAP and CAP Application Form (Form 14234):

The Compliance Assurance Process (CAP) is a strictly voluntary program available to Large Business and International Division (LB&I) taxpayers that meet the selection criteria. CAP is a real-time review of completed business transactions during the CAP year with the goal of providing certainty of the tax return within 90 days of the filing. Taxpayers in CAP are required to be cooperative and transparent and report all material issues and items related to completed business transactions to the review team.

USE OF DATA

Certain taxpayers use Form 8886 to disclose reportable transactions in which they directly or indirectly participated.

Information on the Form 14234 Pre-CAP and CAP Application Form will be used by the LB&I industry executives to determine which taxpayers meet the selection criteria and determine which should be accepted into the voluntary program for the year.

USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are currently offering electronic filing on Form 8886. 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. For Form 14234, IRS has no plans at this time to offer electronic filing because of the low volume compared to the cost of electronic enabling.

EFFORTS TO IDENTIFY DUPLICATION

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

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 of data required to be disclosed on Form 8886 would inhibit timely and effective discovery of information by IRS necessary for tax enforcement and hinder the IRS from meeting its mission. A less frequent collection of the information on the Pre-CAP and CAP Application Form would not allow the IRS to determine which taxpayers meet the selection criteria

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 (82 FR 25047), dated May 31, 2017, we received no comments during the comment period regarding Form 8886 and Form 14234.

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 "Office of Tax Shelter Analysis Application (OTSA)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under Treasury/IRS 42.021-- Compliance Programs and Project Files, Treasury/IRS 42.001-- Examination Administrative Files, Treasury/IRS 42.008-- Audit Information Management System, and Treasury/IRS 34.037-- IRS Audit Trail and Security Records System. The Internal Revenue Service PIAs 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 INFORMATI ON COLLECTIO N

The burden estimate for Form 8886 is as follows:

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC § 6011	Form 8886	42,409	1	42,409	21.54	913,489.86
IRC § 6011	Form 14234	112	1	112	1.86	208.32
Totals		42,521		42,521		913,698.18

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

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 primary cost to the government consists of the cost of printing Form 8886. We estimate that the cost of printing the form is \$400.

15. REASONS FOR CHANGE IN BURDEN

There are no changes in the burden. This information collection is being submitted for renewal purposes.

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 forms 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.

