

SUPPORTING STATEMENT
Internal Revenue Service
Consolidated and Controlled Groups- Intercompany Transactions and Related Rules
CO-11-91 (TD 8597) and CO-24-95 (TD 8660)
OMB Number 1545-1433

CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The Treasury regulations require common parents that make elections under Section 1.1502-13 to provide certain information.

Section 1.1502-13(f)(5)(ii) provides common parents with an election to avoid potential duplications of gain from certain intercompany distributions and other transactions with respect to stock of members. These elections are designed to provide taxpayers relief from the application of certain provisions of the regulations. These elections must be made by the due date for the consolidated returns (including extensions). The section 1.1502-13(f)(5)(ii) election is made by attaching a statement to the consolidated return.

Section 1.1502-13(f)(6)(i)(C) provides for an election to reduce basis in parent stock. The election must be made in a separate statement filed with the consolidated group's tax return

Section 1.1502-13(e)(3) allows the common parent of a consolidated group to request consent to take items from intercompany transactions into account on a separate entity basis. The consent requirement is a carryover provision from current section 1.1502-13 and burden is being reported under OMB #1545-0123.

Section 1.1502-13(j) requires intercompany transactions and corresponding items to be reflected on permanent records. The records are used to assure that the amount, location, timing, and attributes of intercompany and corresponding items are properly determined. This requirement currently exists under section 1.1502-13(c) and is not changed. Therefore, no additional burden is imposed as burden is being reported under OMB #1545-0123.

USE OF DATA

The information required by Treasury Regulation Section 1.1502-13 will be used to assure that the amount, location, timing, and attributes of intercompany and corresponding items are properly maintained.

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.

EFFORTS TO IDENTIFY DUPLICATION

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

METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

There is no burden on small businesses or other small entities due to the inapplicability of the authorizing statute to this type of entity.

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

The information required is needed to verify compliance with Section 1502-13(f) of the Treasury Regulations. A less frequent collection of taxes and tax information could adversely affect the government's effectiveness and would reduce the oversight of the public in ensuring compliance with Internal Revenue Code and hinder the IRS 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 CO-24-95, TD 8660 and CO-11-91, TD 8597**

In response to the *Federal Register* notice dated April 27, 2017 (82 FR 19455) we received no comments during the comment period regarding CO-24-95 and CO-11-91.

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**

No personally identifiable information (PII) is collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

We estimate the following burdens:

1. Time and manner of making election. Section 1.1502-13(e)(3) requires the common parent to request consent to treat certain intercompany transactions on a separate entity basis. The request for consent must be made in the form of a ruling request and must be filed on or before the due date of the consolidated return (not including extensions). The election under section 1.1502-13(e)(3) is carried from current regulation section 1.1502-13 (OMB 1545-0123) and the requirements to make that election will not change. Thus, no additional burden is imposed.

2. Time and manner of making election. Section 1.1502-13(f)(5)(ii) provides common parents with an election to avoid potential duplications of gain from certain intercompany distributions and other transactions with respect to stock of members. These elections are designed to provide taxpayers relief from the application of certain provisions of the regulations. These elections must be made by the due date for the consolidated returns (including extensions). The section 1.1502-13(f)(5)(ii) election is made by attaching a statement to the consolidated return. It is estimated that approximately 2,000 respondents will make one response each, which is estimated to take .50 hours, for a total estimated reporting burden of 1,000 hours.

3. Time and manner of making election. Section 1.1502-13(f)(6)(i)(C) (OMB#1545-1433) provides for an election to reduce basis in parent stock. The election must be made in a separate statement filed with the consolidated group's tax return. The estimated number of respondents is 200; the estimated burden per respondent is 15 minutes, for a total estimated burden of 50 hours.

4. Recordkeeping requirement. Section 1.1502-13(j) requires intercompany transactions and corresponding items to be reflected on permanent records. The records are used to assure that the amount, location, timing, and attributes of intercompany and corresponding items are properly determined. This requirement currently exists under section 1.1502-13(c) (OMB #1545-0123) and is not changed. Therefore, no additional burden is imposed.

26 CFR	Description	# Respondents	# Responses Per Respondent	Total Annual Responses	Hours Per Response	Total Burden
1.1502-13(f)(5)(ii)	Election to avoid potential duplications of gain from certain intercompany distributions and other transactions with respect to stock of members, is made by attaching a statement to the consolidated return.	2,000	1	2,000	0.5	1,000
1.1502-13(f)(6)(i)(C)	Election to reduce basis in parent stock and is made in a separate statement filed with the consolidated group's tax return.	200	1	200	.25	50
		2,200	1	2,200		1,050

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

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.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB.

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 regulation 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.