

**SUPPORTING STATEMENT**  
**Internal Revenue Service**  
**Extensions of Time to Elect Method for Determining Allowable Loss**  
**(TD 9187, TD 9154, and TD 9057)**  
**OMB Number 1545-1774**

**CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Final regulations under sections 337(d) and 1502 of the Internal Revenue Code (Code) disallow certain losses recognized on sales of subsidiary stock by members of a consolidated group. These regulations apply to corporations filing consolidated returns, both during and after the period of affiliation, and also affect purchasers of the stock of members of a consolidated group.

Section 1.337(d)-2(c)(1) requires that a statement must be included with or as a part of the taxpayers return for the year of the disposition or deconsolidation, and must contain the information outlined in section 1.337(d)-2(c)(3).

The amendment of an election made pursuant to paragraph § 1.1502-32(b)(4) must be made in a statement entitled Amendment of Election to Treat Loss Carryover as Expiring Under § 1.1502-32(b)(4) Pursuant to § 1.1502-32(b)(4)(vii). The statement must be filed with or as part of any timely filed (including extensions) original return for the taxable year that includes August 26, 2004, or with or as part of an amended return filed before the date the original return for the taxable year that includes August 26, 2004, is due (with regard to extensions). A separate statement shall be filed for each election made and the group may rely on the statements set forth in a written notification provided by the prior group.

**USE OF DATA**

The information with respect to §1.337(d)-2(c)(1) and (3) is necessary to ensure that loss is not disallowed under §1.337(d)-2(a) and basis is not reduced under §1.337(d)-2(b) to the extent the taxpayer establishes that the loss or basis is not attributable to the recognition of built-in gain on the disposition of an asset.

The information with respect to §1.1502-32(b)(4)(vii)(C) is necessary to allow the taxpayer to amend an election that would benefit the taxpayer, i.e., to amend its waiver under §1.1502-32(b)(4), so that it may use its acquired subsidiary's losses.

**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 337(d) and 1502-32 of the Internal Revenue Code 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 TD 9187**

In response to the Federal Register notice dated July 31, 2017 (82 FR 35580), we received no comments during the comment period regarding these regulations.

**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 “Information Returns Processing (IRP)”; “Payer Master File (PMF)” and a Privacy Act System of Records notice (SORN) has been issued for these systems under IRS 22.061 – Information Return Master File; IRS 24.030 – Customer Account Data Engine Master File; IRS 34.037 - IRS Audit Trail and Security Records System, IRS 24.046-Cade Business Master File. The Internal Revenue Service PIAs can be found at <https://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 INFORMATION COLLECTION

The burden estimate for §§1.337(d)-2(c)(1) and (3):  
it is estimated that 3,750 taxpayers annually will dispose of stock of a subsidiary to which §1.337(d)-2(a) will apply and claim a deduction for losses recognized on these dispositions under §1.337(d)-2(c)(1) and (3). It is estimated that the average reporting burden will be 2 hours. The estimated frequency of responses is 1 time. Accordingly, the estimated annual reporting burden is 7,500 hours.

The burden estimate for §1.1502-32(b)(4)(vii)(C):  
It is estimated that 100 taxpayers will elect to amend their §1.1502-32(b)(4) election. It is estimated that the average reporting burden will be 2 hours. The estimated frequency of responses is 1 time. The estimated reporting burden is 200 hours.

26 CFR	Description	# Respondents	# Responses Per Respondent	Total Annual Responses	Hours Per Response	Total Burden
1.337(d)-2(c)(1) and (3)	Statement must be included with or as a part of the taxpayers return for the year of the disposition or deconsolidation.	3,750	1	3,750	2	7,500
1.1502-32(b)(4)(vii)(C)	Amendment of an election made pursuant to paragraph § 1.1502-32(b)(4) must be made in a statement entitled Amendment of Election to Treat Loss Carryover as Expiring Under § 1.1502-32(b)(4) Pursuant to § 1.1502-32(b)(4)(vii).	100	1	100	2	200
		3,850	1	3,850		7,700

## 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.