

Supporting Statement
Internal Revenue Service
Election to expense certain refineries
OMB # 1545-2103

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 179C of the Internal Revenue Code provides that a taxpayer can elect to treat 50% of the cost of “qualified refinery property” as a deductible expense not chargeable to capital account. The taxpayer makes an election under section 179C by entering the amount of the deduction at the appropriate place on the taxpayer’s timely filed original federal income tax return for the taxable year in which the qualified refinery property is placed in service and by attaching a report specifying (a) the name and address of the refinery and (b) the production capacity requirement under which the refinery qualifies.

If the taxpayer making the expensing election described above is a cooperative described in section 1381, and one or more persons directly holding an ownership interest in the taxpayer are organizations described in section 1381, the taxpayer can elect to allocate all or a portion of the deduction allowable under section 179C to those persons. The allocation must be equal to the person’s ratable share of the total amount allocated, determined on the basis of the person’s ownership interest in the taxpayer/cooperative. If the taxpayer/cooperative makes such an election, it must provide written notice of the amount of the allocation to any owner receiving an allocation by written notice on Form 1099-PATR, Taxable Distributions Received from Cooperatives. This notice must be provided before the due date (including extensions) of the cooperative owner’s federal income tax return for the taxable year for which the election applies.

2. USE OF DATA

The information is required so that a taxpayer who is a patron in a cooperative may claim the section 179C deduction amount and the IRS can determine the accuracy of the deduction amount.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There are no plans to provide electronic filing because electronic filing is not appropriate for the collection of information in this submission. IRS intends to offer electronic filing to the extent it is practicable however in this case it isn’t practicable because of the evaluative nature of the determination.

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 ACTIVITIES**

The Internal Revenue Service (IRS) would not be able to match the cooperative's written notice (Form 1099-PATR) that must be provided under section 179C, before the due date (including extensions) of the cooperative owner's federal income tax return. This would hamper the IRS ability to reconcile the election amount for the taxable year for which the election applies on an annual basis.

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**

Temporary regulations (TD 9412) were published in the *Federal Register* July 9, 2008, at 73 FR 39227, with a notice of proposed rulemaking cross-referencing the temporary regulations published in the same issued at 73 FR 39270. The final regulations and removal of the temporary regulations was published in the *Federal Register* on August 23, 2011, 76 FR 52556, as TD 9547.

In response to the *Federal Register* notice (82 FR 37986), dated August 14, 2017, we received no comments during the comment period regarding these proposed and temporary 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 U.S.C. 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

No sensitive personally identifiable information (PII) is collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The information collection requirements contained in this rule is in §§ 1.179C-1(d)(2), 1.179C-1(d)(3), 1.179C-1(e)(2), and 1.179C-1(f).

For a taxpayer to claim the section 179C deduction, the taxpayer must enter the amount of the deduction at the appropriate place on its timely filed original income tax return for the taxable year for which the qualified refinery property is placed in service and by attaching a report specifying certain information.

Further, if the taxpayer taking the deduction described above is a cooperative described in section 1381, and one or more persons directly holding an ownership in the taxpayer are organizations described in section 1381, the taxpayer can elect to allocate all or a portion of the deduction allowable under 179C to those persons. If the taxpayer/cooperative makes such an election, it must provide written notice of the amount of the allocation to any owner receiving such an allocation by written notice on Form 1099-PATR.

The total number of taxpayers making section 179C elections and allocations is estimated not to exceed 12. It is estimated that it will take 10 hours for each taxpayer to properly make the election to expense 50 percent of the cost of the qualified refinery property and to comply with the notice requirements section 179C(g) for a total burden estimated to be 120 hours.

OMB #	CFR	Responses	Time/ Response	Total Burden
1545-2103	1.179C-1	12	10 hrs.	120

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. 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 regulation sunsets as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of 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.