

**Supporting Statement  
Internal Revenue Service  
(Form 982)**

**Reduction of Tax Attributes Due to Discharge of Indebtedness (and Section 1082 Basis Adjustment)**

· **CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Internal Revenue Code section 1081 allows taxpayers to exclude from gross income amounts attributable to discharge of indebtedness in title 11 cases, insolvency, or a qualified farm indebtedness. Code section 1081(b) allows corporations to exclude from gross income amounts attributable to certain transfers of property.

· **USE OF DATA**

The data is used to verify adjustments to basis of property and reduction of tax attributes.

· **USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

We are currently offering electronic filing on Form 982.

· **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.

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

A less frequent collection will not enable the IRS to verify adjustments to basis of property and reduction of tax attributes and in accordance with the purposes of IRC § 1081.

· **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).

· **CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS**

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding Form 982.

In response to the **Federal Register Notice** dated May 1, 2012 (77 FR 25783), we received no comments during the comment period regarding Form 982.

**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 Master File (IRMF) ” System and Privacy Act System of Records Notices (SORN) has been issued for the systems under Treasury/IRS 24.030– Customer Account Data Engine Individual Master File; The Internal Revenue Service PIAs can be found at <http://www.treasury.gov/privacy/PIAs/Pages/default.aspx>

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**

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC § 1081	Form 982	667	1	667	11.23	7,491
Totals				667		7,491

Estimates of annualized cost to respondents for the hour burdens shown above 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 this form. We estimate that the cost of printing Form 982 is \$1,051.

**15. REASONS FOR CHANGE IN BURDEN**

There are no changes to the information collection at this time.

Taxpayers must use Form 982, Part I and Part II, to report an exclusion of forgiven debt from gross income under IRC 108 and the reduction of certain tax attributes (also required by IRC 108) as a result of the exclusion. Form 982, Part III, is used by a corporation to indicate consent to the application of a general rule for adjusting the basis of property as described in Reg. 1.1082-3(b). If the form is not available to the public, the IRS will have no way of knowing when forgiven debt reported on Form 1099-C is being excluded from income by the taxpayer or how the tax attributes have been reduced; or, in the case of certain corporations, consent to a general rule for adjusting basis of their property under IRC 1082(a)(2). Part I and II of the form give taxpayers the means of reporting an exclusion under IRC 108 and the reduction of tax attributes. Part III of the form gives taxpayers a means to consent to the general rule for adjusting the basis of its property under IRC 1082(a)(2). (Note: IRC 1082(a)(2) is a repealed provision, but still has ongoing application as long as certain conditions applied before the law was repealed.)

**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 form or 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. EXCEPTION TO THE CERTIFICATION STATEMENT ON OMB FORM 83-I**

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.