

Internal Revenue Service  
SUPPORTING STATEMENT  
SECTION 301.7245-3, DISCHARGE OF LIENS (TD 9410)  
Form 14497 Notice of Nonjudicial Sale of Property and  
Form 14498 Application for Consent to Sale  
1545-0854

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

T.D. 9410 contains final regulations relating to the discharge of liens under section 7425 and return of wrongfully levied upon property under section 6343 of the Internal Revenue Code (Code) of 1986.

Section 301.7425-3 describes that a notice of a nonjudicial sale shall be given, in writing by registered or certified mail or by personal service, not less than 25 days prior to the date of sale (determined under the provisions of §301.7425-2(b)), to the Internal Revenue Service (IRS) official.

A notice of sale informs the IRS of a foreclosure sale when the IRS is a secured creditor. In order for property described in section 7425(b) to be sold at a nonjudicial sale free and clear of liens or title of the United States, a notice of the sale must be provided in accordance with section 7425(c) or consent for the property to be sold free of the liens or title of the United States must be obtained in accordance with section 7425(c). An effective Notice of Sale discharges or removes any junior lien or claim the United States has in the property through the sale. It will not remove a lien or claim which is senior to the foreclosing party's interest.

Form 14497, Notice of Nonjudicial Sale of Property, is available as assistance in providing Notice of Sale. It may be used by the foreclosing party to inform the Internal Revenue Service (IRS) of a nonjudicial foreclosure sale. It allows the IRS to identify what, if any, interest the United States has in the property being sold. In the case of real property, it allows the IRS to begin considering whether to exercise its redemption rights after the sale.

When the foreclosure sale will not be effective to discharge the property being sold from the liens or claims of the United States, the IRS may consent to the sale of the property free of the liens. Consent to Sale of Property Free of the Federal Tax Lien is the IRS' agreement allowing the foreclosure sale to discharge the property of the liens or claims of the United States.

The regulation states that any person desiring the IRS's consent to sell property free of a tax lien or a title derived from the enforcement of a tax lien of the United States in the property shall submit to the IRS a written application, in triplicate, declaring that it is made under penalties of perjury, and requesting that such consent be given.

Form 14498, Application for Consent to Sale of Property Free of the Federal Tax Lien, is available as assistance in providing an application for consent.

2. USE OF DATA

This information is needed to determine the amount, if any, of the lien right of the U.S. in the property being sold.

3. 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. Electronic filing of Forms 14497 and 14498 is not currently available due to the low number of filers. IRS has determined that the relatively low volume does not justify the cost of electronic enabling.

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

There is no burden on small businesses or entities by this collection 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

A less frequent collection would prevent the IRS from verifying the amount, if any, of the lien right of the U.S. in the property being sold and would not enable the IRS to meet its mission.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFE 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

We received no comments during the comment period in response to the *Federal Register* notice dated October 17, 2017 (82 FR 48314).

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

No gifts or payments are being provided to any respondents.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and return information are confidential as required by 26 U.S.C. 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the “ Automated Lien System-ENTITY, ALS-ENTITY (ALS)” system and a Privacy Act System of Records notice (SORN) has been issued for this system under Treasury/IRS 26.009 - Lien Files (Open and Closed), Treasury/IRS 36.003 - General Personnel and Payroll Records, Treasury/IRS 34.037 - IRS Audit Trail and Security Records System, Treasury/IRS 24.030 - CADE Individual Master File (IMF),

Treasury/IRS 24.046 - CADE Business Master File (BMF), and Treasury/IRS 26.019 - Taxpayer Delinquent Account (TDA). 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 INFORMATION COLLECTION

Regulation § 301.7425-3(b)(2) requires any person desiring consent to sell property free of a tax lien to a written application in triplicate. The application shall contain the information required in the case of a notice of sale, as set forth in paragraph (d)(1) of the section, and, in addition, shall contain a statement of the reasons why the consent is desired. We estimate that 100 applications will be received and it will take approximately 7 hours 40 minutes to complete and file each application (Recordkeeping: 4 hr., 45 min. / Reporting 2 hr., 55 min.). The total overall burden is 767 hours.

| Authority            | Description          | # of Respondents | # Responses per Respondent | Annual Responses | Hours per Response | Total Burden |
|----------------------|----------------------|------------------|----------------------------|------------------|--------------------|--------------|
| Reg 301.7425-3(b)(2) | Form 14497 and 14498 | 100              | 1                          | 100              | 7.67               | 767          |
| Totals               |                      |                  |                            | 100              |                    | 767          |

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

IRS has adjusted the expected number of respondents. This change results in an overall burden estimate decrease.

|  | Requested | Program Change Due to New Statute | Program Change Due to Agency Discretion | Change Due to Adjustment in Agency Estimate | Change Due to Potential Violation of the PRA | Previously Approved |
|--|-----------|-----------------------------------|---|---|--|---------------------|
| Annual Number of Responses for this IC | 100       | 0                                 | 0                                       | -400  | 0  | 500                 |
| Annual IC Time Burden (Hours)          | 767       | 0                                 | 0                                       | -3066                                       | 0  | 3833                |

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

IRS believes 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.

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.