

SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Product Liability Losses and Accumulations for Product Liability Losses
T.D. 8096
OMB Number 1545-0863

26688. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Generally, a taxpayer who sustains a product liability loss for a taxable year beginning after September 30, 1979, must carry back such loss to each of the 10 taxable years preceding the loss year (see section 172(b)(1)(I)). However, section 172(j)(3) provides that a taxpayer otherwise entitled to a 10-year product liability loss carryback may elect with respect to such loss to forego the 10-year carryback and treat such loss under the general rules of section 172. Section 172(j)(3) further provides that the Secretary shall provide the manner in which to make the election. The election must be made by the due date (including extensions) for filing the taxpayer's return for the taxable year the loss arose. The final regulations provide the manner in which the election is to be made. These regulations request that a statement be filed with the tax return providing the taxpayer's name, address and TIN, and a notation that the taxpayer elects not to have the 10 year carryback rule apply.

26689. USE OF DATA

The information on the statement will be used by the Internal Revenue Service to determine if the taxpayer is complying with the carryback rules of section 172.

26690. 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. The IRS no plans at this time to offer electronic filing because of the low volume compared to the cost of electronic enabling.

26691. EFFORTS TO IDENTIFY DUPLICATION

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

26692. 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 172 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**

In response to the Federal Register notice dated November 22, 2017 (82 FR 55712), 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 "Individual Master File (IMF)" and a Privacy Act System of Records notice (SORN) has been issued for these systems under Treas/IRS 24.030 - Individual 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

Under section 1.172-13(c) (3) of the regulations, a taxpayer entitled to a 10-year product liability loss carryback may elect to forego the 10-year carryback and treat the loss under the general rules of section 172. We estimate that 5000 taxpayers will make this election and that it will take them 0.5 of an hour each, for a total burden of 2,500 hours.

1.172-13 (c) (3)	Product liability losses	5,000	1	5,000	.5 hr.	2,500
	Totals	5,000		5,000		2,500

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

The 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 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.