

SUPPORTING STATEMENT
Internal Revenue Service
Return by a U.S. Transferor of Property to a Foreign Corporation
Form 926
OMB No. 1545-0026

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Form 926 is filed by any U.S. citizen or resident, a domestic corporation, or a domestic estate or trust, to report certain transfers of tangible or intangible property to a foreign corporation required by Internal Revenue Code Section 6038B.

2. USE OF DATA

IRS uses Form 926 to determine property that is transferred to a foreign corporation, partnership or a person that is not a United States person to compute the foreign tax credit.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Form 926 is electronically enabled for 1120 returns (U.S. Corporation Income Tax Return) which accounts for approximately 50% of the filers.

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

Businesses are required filers of the form, there is no flexibility to minimize the burden on small businesses or other small entities.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

A less frequent collection will not enable the IRS to meet its mission by verifying the foreign tax credits are being computed properly and in accordance with Internal Revenue Code § 6038B and will 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 June 25, 2018 (83 FR 29618), we received no comments during the comment period regarding Form 926.

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

There is no sensitive personally identifiable information (PII) in this collection.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Business filing estimates are being reported under 1545-0123 and individual estimates are under 1545-0074. The following data represents all other filers of Form 926.

Authority	Description	# Respondents	# Responses Per Respondent	# Annual Responses	Hours Per Response	Total Burden
1.6038B-1	Form 926 - Return by a U.S. Transferor of Property to a Foreign Corporation	667	1	667	42 hours, 53 minutes	28,608

The following are related regulations which impose no additional burden. Please continue to assign OMB number 1545-0026 to these regulations

OMB # 1545-0026
No additional Burden
1.367(a)-1T -2T
1.367(a)-3
1.367(a)-3(c)
1.367(a)-6T
1.367(a)-8
1.367(b)-1(c)
1.367(d)-1T
1.6038B-1T

We have reviewed these regulations and have determined that the reporting requirements contained in them are entirely reflected on the form. The justification appearing in item one of the supporting statement applies to both these regulations and Form 926.

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 Federal government cost estimate is based on a model that considers the following three cost factors for each information product: aggregate labor costs for development, including annualized start up expenses, operating and maintenance expenses, and distribution of the product that collects the information.

The government computes cost using a multi-step process. First, the government creates a weighted factor for the level of effort to create each information collection product based on variables such as; complexity, number of pages, type of product and frequency of revision. Second, the total costs associated with developing the product such as labor cost, and operating expenses associated with the downstream impact such as support functions, are added together to obtain the aggregated total cost. Then, the aggregated total cost and factor are multiplied together to obtain the aggregated cost per product. Lastly, the aggregated cost per product is added to the cost of shipping and printing each product to IRS offices, National Distribution Center, libraries and other outlets. The result is the Government cost estimate per product.

The government cost estimate for this collection is summarized in the table below.

Product	Aggregate Cost per Product (factor applied)	Printing and Distribution	Government Cost Estimate per Product
Form 926	\$ 13,903		\$ 13,903
Form 926 Instructions	\$ 5,462		\$ 5,462
Grand Total	0		0
Table costs are based on 2016 actuals obtained from IRS Chief Financial Office and Media and Publications			
* New product costs will be included in the next collection update.			

15. REASONS FOR CHANGE IN BURDEN

For transfers after December 31, 2017, P.L. 115-97, section 14102 repealed the active trade or business exception under section 367. Transfers of tangible property (other than certain stock transfers) are subject to full gain recognition under the general rule of section 367(a)(1). In addition, section 91 of the Internal Revenue Code was added to provide rules on transfers of foreign branch assets to foreign corporations requiring the transferor to include a “Transferred Loss Amount” as income. For transfers in taxable years beginning after December 31, 2017, section 14221 of P.L. 115-97 revised the definition of intangible property under section 936(h)(3) (B) subject to section 367(d) treatment on the transfer of such property to include goodwill, going concern value, workforce in place and any other item the value or potential value of which is not attributable to tangible property or the services of an individual. The definition in section 936(h) (3)(B) was subsequently redesignated (without substantive change) as section 367(d)(4) by section 401(d)(1)(D)(viii)(I) of the Consolidated Appropriations Act, 2018, P.L. 115-141. Changes

have been made to the form, creating a reduction of burden.

	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	667	0	0	0	0	667
Annual IC Time Burden (Hours)	28608	-1587	0	0	0	30195

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 would cause confusion by leading taxpayers to believe that the form sunsets as of the expiration date. Taxpayers may not be aware that the IRS 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 for this collection.

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.