

Supporting Statement
Internal Revenue Service
Application for Withholding Certificate for Dispositions
by Foreign Persons of U.S. Real Property Interests
Form 8288-B
OMB Control Number 1545-1060

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 1445 of the Internal Revenue Code requires transferees to withhold tax on the amount realized from sales or other dispositions by foreign persons of U.S. real property interests.

Sections 1445(b) and (c) allow the withholding to be reduced or eliminated under certain circumstances. Regulations sections 1.1445-3 and -6 provide for an application for a withholding certificate to IRS by the transferor or transferee for the reduction or elimination of withholding. Form 8288-B was developed for the application.

2. USE OF DATA

Form 8288-B is used to apply for the withholding certificate to reduce or eliminate withholding on dispositions by foreign persons of U.S. real property interests.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The form is not electronically filed because Modernized efile has not chosen to enable it for electronic filing by devoting the necessary time, money, and resources to do so. The IRS has concluded that budgetary considerations require that the limited resources available for enabling electronic filing be allocated to ICs other than the Form associated with this information collection, where the benefits of electronic filing are greater.

4. REPORTS 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

The IRS can issue a withholding certificate to reduce or eliminate withholding under section 1445. Less frequent collection of information would not allow IRS to determine whether withholding should be reduced or eliminated or whether a withholding certificate should not be issued.

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 February 13, 2019, (84 FR 3852), we received no comments during the comment period regarding Form 8288-B.

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 “Business Master File (BMF)” system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.046-Customer Account Data Engine Business Master File and IRS 34.037 - IRS Audit Trail and Security Records System. The Internal Revenue Service PIA’s 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

The IRS can issue a withholding certificate to reduce or eliminate withholding under section 1445.

It is anticipated that there will be 5,079 respondents that respond once with a response time of 58 minutes totaling 29,256 annual burden hours.

The burden estimate is as follows:

<u>Form</u>	<u>Number of Respondents</u>	<u>Responses per Respondent</u>	<u>Annual Responses</u>	<u>Hours per Response</u>	<u>Total Burden</u>
Form 8288-B	508	1	508	5.76	2926
Totals	508	1	508	5.76	2926

The following regulations impose no additional burden:
1.1445-3 1.1445-6 1.1445-2

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 1 of the supporting statement applies both to these regulations and to the form.

Please continue to assign OMB number 1545-1060 to these regulations.

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

After consultation with various functions within the Service, we have determined that the cost of developing, printing, processing, distribution, and overhead for Form 8288-B is \$11,847.

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 8288-B	\$11,847		\$11,847
Total	11,847		11,847
Table costs are based on 2018 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

There are no changes to the collection however the estimates are being updated to eliminate double counting associated with the business collection.

The information collection requirements and burden associated business for Form 8288-B is accounted for in OMB control number 1545-0123, U. S. Business Income Tax Return and has been removed from this information collection 1545-1060.

	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	508	0	-4571	0	0	5079
Annual IC Time Burden (Hours)	2926	0	-26330	0	0	29256

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 notice 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

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.