

SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Form 8831
Excise Taxes on Excess Inclusions of REMIC Residual Interests
OMB Number 1545-1379

14304. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

IRC section 860E(e)(1) provides rules for the taxation of an entity on any transfer of a residual interest in a real estate mortgage investment conduit (REMIC) to a disqualified organization. IRC section 860E(e)(6) provides rules for the taxation of a pass-through entity with interests held by disqualified organizations. Regulations section 1.860E-2(a)(7)(ii) provides rules for the taxation of an entity which waives the tax under section 860E(e)(1).

Form 8831 is used to report and pay:

- The excise tax due under section 860E(e)(1) on any transfer of a residual interest in a REMIC to a disqualified organization,
- The amount due under Regulations section 1.860E-2(a)(7)(ii) if the tax under section 860E(e)(1) is to be waived, or
- The excise tax due under section 860E(e)(6) on pass-through entities with interests held by disqualified organizations.

All interests in an electing large partnership are treated as held by disqualified organizations (see section 774(e) for details).

14305. USE OF DATA

Form 8831 gives IRS the information it needs to determine whether the transferor of the residual interest or the pass-through entity with interests held by a disqualified organization figured its tax liabilities correctly.

14306. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The IRS has no plans to offer electronic filing because of low filing volume compared to cost of electronic enabling.

14307. EFFORTS TO IDENTIFY DUPLICATION

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

14308. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

We have attempted to minimize burden on small businesses or other small entities by closely following previous revisions of this form.

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

Consequences of less frequent collection on federal programs or policy activities could result in an increase of transferor of the residual interest or the pass-through entity with interests held by a disqualified organization not figuring its tax liabilities correctly. 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 September 12, 2019 (84 FR 48217), 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 "Business Master File (BMF)" and "Individual Master File" (IMF), and a Privacy Act System of Records notice (SORN) has been issued for these systems under IRS 22.062 - Electronic Filing Records; IRS 24.030 - Customer Account Data Engine (CADE) Individual Master File; IRS 24.046 - CADE Business Master File (BMF); IRS 34.037 - IRS Audit Trail and Security Records. 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.

This is an attachment to the Federal tax return. The Privacy Act statement associated with this attachment is listed in the Federal tax return instructions.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Form 8831 gives IRS the information it needs to determine whether the transferor of the residual interest or the pass-through entity with interests held by a disqualified organization figured its tax liabilities correctly. The agency estimates that 31 taxpayers will complete Form 8831 and that it takes an estimated 7.65 hours to complete, for a total estimated annual burden of 237.

Form	Description	# Respondents	# Responses Per Respondent	Total Annual Responses	Hours Per Response	Total Burden
8831	Excise Taxes on Excess Inclusions of REMIC Residual Interests	31	1	31	7.65	237
Totals		31	1	31	7.65	237

The following regulations impose no additional burden. Please continue to assign OMB number 1545-1379 to these regulations.

- 1.860A-1(b)(3)
- 1.860E-2(a)(1)
- 1.860E-2(b)(1)
- 1.860E-2(a)(7)(ii)

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 8831	\$ 14,216	0	\$ 14,216
Grand Total	\$14,216	0	\$14,216
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 being made to the form or burden estimates at this time.

	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	31	0	0	0	0	31
Annual IC Time Burden (Hours)	237	0	0	0	0	237

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 form 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.