

SUPPORTING STATEMENT
Internal Revenue Service
OMB#1545-2065
Notice of Qualified Equity Investment for New Markets Credit
Form 8874-A

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Form 8874-A, Notice of Qualified Equity Investment for New Markets Credit, was developed because qualified community development entities (CDEs) must provide taxpayers holding a qualified equity investment with a completed Form 8874-A when a qualified equity investment is received. Treasury Regulations section 1.45D-1(g)(2)(i)(A) (26 USC 45D), indicates that Form 8874-A should be used by the CDE to make the notification to the taxpayer.

2. USE OF DATA

The requirements that sections 1.45D-1(g)(2)(i)(A) place on administrators of CDEs to inform the holders of the CDEs are used by the IRS to verify the claimed general business credit by the taxpayer and in accordance with the purposes of the Qualified Equity Investment for New Markets Credit. The Form 8874-A will be filed with the IRS.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We offer electronic filing for Form 8874-A.

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

The collection of information requirement will not have a significant economic impact on a substantial number of small entities. The form was designed for requirements of Treasury Regulations § 1.45D-1(g)(2)(i)(A).

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

A less frequent collection on this program will prevent the IRS being able to substantiate that the general business credits with respect to the new markets tax credit are properly and in accordance with Treasury Regulations § 1.45D-1(g)(2)(i)(A).

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 March 31, 2020 (85 FR 17949), we received no comments during the comment period regarding Form 8874-A.

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 "Customer Account Data Engine" system and Privacy Act System of Records notice (SORN) has been issued for these systems under IRS 24.030–Customer Account Data Engine Individual Master File; IRS 24.046–Customer Account Data Engine Business Master File; IRS 26.009–Lien Files, (open and closed); IRS 26.013–Trust Fund Recovery Penalty Cases; IRS 26.019–Taxpayer Delinquent Account Files, and IRS 34.037–IRS Audit Trail and Security Records System. The Department of Treasury 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

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
	Form 8874-A	500	1	500	5.43	2,715
Totals		500				2,715

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no start-up costs associated with this collection.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

There are no known annualized costs to the federal government.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. The IRS is making this submission to renew the OMB approval.

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 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.