

SUPPORTING STATEMENT
Internal Revenue Service
OMB Control Number 1545-0172
Form 4562
Depreciation and Amortization
(Including Information on Listed Property)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code section 164 provides for an allowance of a depreciation deduction for property used in a trade or business or held for the production of income. For assets placed in service after 1986, the depreciation deduction is computed by using the applicable depreciation method, recovery period, and convention.

Internal Revenue Code section 179 provides for an election to expense depreciable assets. The maximum amount that can be deducted for the tax year beginning in 2017 is \$510,000. This limit is further reduced if the taxpayer places in service more than \$2,030,000 of assets during the tax year beginning in 2017, or by the amount that exceeds the taxpayer's taxable business income. In certain instances, the taxpayer may be allowed to carry over any disallowed expense deduction to a subsequent tax year.

Internal Revenue Code section 280F sets limits on the amount of depreciation for automobiles and other listed property. Code section 274(d)(4) requires all taxpayers who claim a depreciation deduction for automobiles and other listed property to substantiate the deduction. Temporary regulations section 1.274-5(d) requires disclosure of the business use of automobiles on the tax return.

Form 4562 is used to claim a deduction for depreciation and/or amortization; make a section 179 election to expense depreciable assets; and answer questions regarding the use of automobiles and other listed property to substantiate the business use under section 274(d).

The Consolidated Appropriations Act of 2016, Public Law 114-113, Div. Q, section 143(b)(1) extended IRC section 168(k)(2) to include property placed in service before January 1, 2020 (January 1, 2021, for certain aircraft and property with a long production period). Section 168(k)(2) allows taxpayers to take, in the placed-in-service year, a special depreciation allowance on qualified property in addition to the depreciation deduction they normally take under the Modified Accelerated Cost Recovery System (MACRS).

P.L. 114-113, Div. Q, section 143(b)(3) extended IRC section 168(k)(4) to include qualified property placed in service before January 1, 2020 (January 1, 2021, for certain aircraft and property with a long production period). This extension affects Form 8827, not Form 4562, in making the election to accelerate alternative minimum tax credits in lieu of the special depreciation allowance.

P.L. 114-113, Div. Q, section 143(b)(4) added new IRC section 168(k)(5) to allow a farmer to elect

to take the special depreciation allowance for certain plants before the placed-in-service year. IRC section 168(k)(5) applies to any specified plant bearing fruits and nuts that is planted, or grafted to a plant that has already been planted, after December 31, 2015, and before January 1, 2020. If the taxpayer makes the election, the taxpayer takes the special depreciation allowance for the specified plant for the tax year in which the plant is planted or grafted. The Form 4562 instructions provide how to make this election.

2. USE OF DATA

The reporting and record keeping requirements imposed by Internal Revenue Code § 274 requires the Form 4562 be completed in order to provide the Internal Revenue Service with the information necessary to determine that the correct depreciation deduction is being claimed. Form 4562 is used by any taxpayer claiming any of the following: Depreciation for property placed in service during the 2019 tax year; A section 179 expense deduction (which may include a carryover from a previous year); Depreciation on any vehicle or other listed property (regardless of when it was placed in service); A deduction for any vehicle reported on a form other than Schedule C (Form 1040 or 1040-SR), Profit or Loss From Business; Any depreciation on a corporate income tax return (other than Form 1120-S); Amortization of costs that begins during the 2019 tax year.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The IRS is currently offering electronic filing on Form 4562.

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

Small businesses should not be disadvantaged as the form has been structured to request the least amount of information and still satisfy the requirements of the statute and the needs of the Service.

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

A less frequent collection on federal programs would result in the IRS unable to determine the correct amount of depreciation deduction that should be allowed on the tax return thereby engendering the inability of IRS to meet 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 (85 FR 21507) dated April 17, 2020, we received no comments during the comment period regarding Form 4562.

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 statement (PIA) has been conducted for information collected under this request as part of the “Estate/Inheritance and Gift Non-Filer and Under-reporter” system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 42.021-Compliance Programs and Project Files – Treasury/IRS.

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

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074, business filers are approved under 1545-0123, and are included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

The burden estimate is as follows:

Authority	Collection Instruments	Annual Responses	Time per Response (Hours)	Total Burden Hours
IRC 168	Form 4562	12,131,626	36.92	447,881,172
IRC 168	Form 4562 Worksheet	182,500	2.67	487,275

Total		12,313,626		448,368,447
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The following regulations impose no additional burden. Please continue to assign OMB number 1545-0172 to these regulations:

- 1.195-1
- 168(k)
- 1.28F-6
- 1.312-15(d)
- 1.167(a)-7(c)
- 1.167(e)-l(c)
- 1.167(e)-l(d)(2)

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 the form is \$75,293.

15. REASONS FOR CHANGE IN BURDEN

There is no change to the paperwork burden previously approved by OMB. We are 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

The IRS believes the public interest will be better served by not printing an expiration date on the form(s) in this package. Printing the expiration date on the form will result in increased costs because of the need to replace inventories that become obsolete by passage of the expiration date each time OMB approval is renewed. Without printing the expiration date, supplies of the form could continue to be used.

The time period during which the current edition of the form(s) in this package will continue to be usable cannot be predicted. It could easily span several cycles of review and OMB clearance renewal. In addition, usage fluctuates unpredictably. This makes it necessary to maintain a substantial inventory of forms in the supply line at all times. This includes supplies owned by both the Government and the public. Reprinting of the form cannot be reliably scheduled to

coincide with an OMB approval expiration date. This form may be privately printed by users at their own expense. Some businesses print complex and expensive marginally punched continuous versions, at their expense, for use in their computers. The form may be printed by commercial printers and stocked for sale. In such cases, printing the expiration date on the form could result in extra costs to the users.

Not printing the expiration date on the form(s) will also avoid confusion among taxpayers who may have identical forms with different expiration dates in their possession.

For the above reasons we request authorization to omit printing the expiration date on the form(s) in this package.

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.