

SUPPORTING STATEMENT

Internal Revenue Service
Discharge of Property from the Effect of the Tax Lien
OMB Control Number **1545-2174**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code section 6325 addresses releases of liens or discharges of property. This collection of information is required by Title 26 Code of Federal Regulations 301.6325-1(b)(5) for consideration of the United States discharging property from the federal tax lien and is required by 26 CFR 301.6325-1(d)(4) for consideration that the United States subordinate its interest in property.

TD 9378 (73 FR 5742), published January 31, 2008, contains final regulations related to release of lien and discharge of property under sections 6325, 6503, and 7426 of the Internal Revenue Code (Code). These regulations update existing regulations and contain procedures for processing a request made by a property owner for discharge of a Federal tax lien from his property under section 6325(b)(4). The regulations also clarify the impact of these procedures on sections 6503(f)(2) and 7426(a)(4) and (b)(5). These regulations reflect the enactment of sections 6325(b)(4), 6503(f)(2), and 7426(a)(4) by the IRS Restructuring and Reform Act of 1998.

Form 14134, *Application for Certificate of Subordination of Federal Tax Lien*- Applicants use this form to provide IRS the documentation needed to determine if a certificate of subordination should be issued. The instructions for the application can be found in Publication 784.

Form 14135, *Application for Certificate of Discharge of Property from Federal Tax Lien*- Taxpayers, taxpayer representatives, and third parties claiming ownership of property use this application to provide the documentation the IRS needs to determine if a certificate of discharge should be issued. The instructions for the application can be found in Publication 783.

2. USE OF DATA

The information collection is used by Collection personnel to decide whether to issue a discharge or a subordination. The appropriate official may ascertain the accuracy of the application and decide of the discharge or subordination.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We have no plans at this time to offer electronic filing because of the low volume of 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

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because these regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply.

Pursuant to section 7805(f) of the Code, the notice of proposed rulemaking preceding these regulations was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

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

If the collection is made less frequently, the appropriate official would be unable to make discharge and subordination decisions. Some negative impacts if the IRS is unable to issue discharges and subordination would be an increase in foreclosures, bankruptcies, business defaults, and inability of property owners to change jobs if it involves selling a home and moving.

1. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

The successful result of these information collections are publicly recorded documents in the locations designated by the states for such property recordations. An applicant may need to prepare a written interim response and/or appeal a determination made by the appropriate official. The application closed files have a two-year record retention. There are no special circumstances requiring data collection to be inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

2. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF

INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

On January 11, 2007, a notice of proposed rulemaking (REG–159444–04, 2007–9 I.R.B. 618) relating to release of lien or discharge of property was published in the Federal Register (72 FR 1301–03). No comments were received, and no public hearing was requested or held. Accordingly, the proposed regulations are adopted as amended by TD 9378.

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding these forms.

In response to the Federal Register notice (85 FR 22788), dated April 23, 2020, we received no comments during the comment period regarding these forms.

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 “Automated Lien System – ENTITY (ALS–ENTITY)” system and a Privacy Act System of Records notice (SORN) has been issued for this system under:

IRS 26.009--Lien Files (Open and Closed)
IRS 36.003--General Personnel and Payroll Records
IRS 34.037--IRS Audit Trail and Security Records System
IRS 24.030--CADE Individual Master File (IMF)
IRS 24.046--CADE Business Master File (BMF)
IRS 26.019--Taxpayer Delinquent Account (TDA)

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

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The burden estimate is as follows:

Authority	Collection Instrument	Responses	Response	Hours
26 CFR 301.6325-1(d)(4)	Form 14134	1,941	3 hrs.	5,823
26 CFR 301.6325-1(b)(5)	Form 14135	8,421	2 hrs.	16,842
	TOTALS:	10,362	2 hrs., 19 min.	22,665

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice dated April 23, 2020, requested public comments on estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. However, we did not receive any responses from taxpayers on this subject. Current agency estimates:

	Responses	Mailing Costs	Copying Costs	Accountant of Attorney Fees	Total Costs
Subordination s	1941	\$10	\$5	\$180	\$378,495
Discharges	8421	\$10	\$5	\$80	\$799,995
Total					\$1,178,490

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

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

<u>Product</u>	<u>Facility Costs</u>	<u>Salary Costs</u>	<u>Government Cost Estimate per Product</u>
14134	\$ 20,440	\$ 261,194	\$ 281,634
14135	\$ 91,980	\$ 1,175,373	\$ 1,267,353
Grand Total	0112,420	\$ 1,436,567	0 1,548,987

15. REASONS FOR CHANGE IN BURDEN

There were no changes made to the forms that resulted in any change to the burden previously reported to 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

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the forms sunset 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 for this collection.

Note: The following paragraph applies to all 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 if 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.