

SUPPORTING STATEMENT
Internal Revenue Service
Request for Section 754 Revocation
Form 15254
OMB # 1545-XXXX

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code, section 754 addresses the adjustment of basis of partnership property; in the case of both the distribution of property and the transfer of partnership interest. Such election may be revoked by the partnership, subject to such limitations as may be provided by the Secretary. The IRS Large Business and International (LB&I), in collaboration with the IRS Small Business and Self-Employed (SBSE), developed a new form (Form 15254) with instructions for the partnership to use to submit the revocation request.

2. USE OF DATA

The data is the same collected on the Form 1065 U.S. Return of Partnership Income and will be used to contact the partnership and make a determination regarding whether the Section 754 revocation request will be approved or denied.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The IRS plans to electronically enabled both existing and future tax products on a practicable basis; due to the low number of filers, the IRS has no plans to offer electronic filing for this collection.

4. EFFORTS TO IDENTIFY DUPLICATION

The new form provides ample space to provide requested information, so as to reduce additional requests for information.

5. METHODS TO MINIMUZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

The form will provide a consistent format for making the request and providing information necessary to make the determination. This will result in a shorter determination process and reduce the number of contacts with the partnership to request additional information.

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

A less frequent collection will not allow the IRS to respond to revocation requests in a timely manner and could result in the IRS being unable 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

Consultation will be completed by Large Business and International of the IRS in collaboration with the Small Business Self-Employed Division, and it will be ongoing.

In response to the Federal Register notice dated September 10, 2020 (85 FR 55936), IRS received one comment. The email received from National Tax Services recommended a change to the form instructions.

Change recommendation:

- 1) Who Must File: by saying ‘generally’ is implying there is another way to do this;
- 2) Section 754 Election: shouldn’t the sentence just read “Any partnership seeking consent to revoke its section 754 election must file its own separate Form 15254.”? In other words, the sentence seems partly unneeded/partly out of order.

After consideration of the comment, it was determined that the form’s instructions would be updated to indicate that the form must be filed. Additionally, the order the Section 734(b) Substantial Basis Reductions section and the Section 743(b) Substantial Built-in Losses section based on the recommendation of PSI Counsel. Section 734(b) is before Section 743(b) in the Internal Revenue Code. This change does not impact the taxpayer burden.

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. Information is to be supplied to a state regulatory authority that would control the confidentiality of the information.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

Section 754 election revocation requests have increased since technical terminations were repealed under TCJA for tax years beginning after December 31, 2017. LB&I, in collaboration with SBSE, developed a new form (Form 15254) with instructions for the partnership to use to submit the revocation request. The form will provide a consistent format for making the request and providing information necessary to make the determination. This will result in a shorter determination process and reduce the number of contacts with the partnership to request additional information.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC 754	New Form 1545-XXX	50	1	50	5.11	256
TOTAL		50		50		256

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

There is no estimated annualized cost to the federal government.

15. REASONS FOR CHANGE IN BURDEN

This is new request for 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 regulations 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.

Note: The following paragraph applies to 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 information are confidential, as required by 26 U.S.C. 6103.