

SUPPORTING STATEMENT
Internal Revenue Service
Form 13976, Itemized Statement Component of Advisee List
OMB Control Number **1545-1686**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC) Section 6112, (as amended by the American Jobs Creation Act of 2004, P.L. 108–357), requires that each material advisor with respect to any reportable transaction shall maintain (in such manner as the Secretary may by regulations prescribe) a list identifying each person with respect to whom the advisor acted as a material advisor.

IRC Section 6011 suspends the tax assessment statute of limitations for any tax year a taxpayer entered into a listed transaction, has yet to disclose said transaction to the IRS.

IRS Section 6111 defines a material advisor and requires; that a material advisor must provide the identities of any material advisor(s) who the material advisor knows or has reason to know participated in any reportable transaction.

Under § 301.6112–1 of the Procedure and Administration Regulations, material advisors are required to prepare and maintain a list as described in the regulations and are required to furnish the list to the IRS upon written request by the IRS.

Form 13976, Itemized Statement Component of Advisee List, may be used by Material Advisors for the purpose of preparing and maintaining list with respect to reportable transaction under section 6112, but the form is not required to be used under 301.6112-1, but is offered as an option for maintaining the transaction participants list.

2. USE OF DATA

The information will be used to verify the material advisors with respect to any reportable transactions that must disclose information regarding said transactions.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The Agency does not plan to offer electronic filing for F13976 at this time, since this form is only an option to fulfill the reportable transaction requirements and has small number of active respondents.

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

There are no small entities affected by this collection.

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

Consequences of a less frequent collection would complicate the taxpayer's ability to receive the proper tax credit and the IRS's ability to verify its accuracy 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 November 23, 2020 (85 FR 74793), we received no comments during the comment period regarding this collection effort.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

There are no special circumstances requiring data collection to be inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

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)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.046-Customer Account Data Engine Business Master File. The Internal Revenue Service 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

Section 301.6112-1(b)(3) provides guidance as to which investors must be included on the list, enumerates the items that must be included in the list, and provides a procedure for asserting a claim of privilege. We estimate that this burden will be 100 hours per respondent due to the time it takes to gather the required information. Accordingly, we estimate that 500 persons annually will be required to maintain lists and that the burden will be 100 hours per person, for a total burden of 50,000 recordkeeping hours.

Authority	Description	# of Respondents	# Responses Per Respondent	Total Annual Responses	Hours Per Response	Total Burden
§301.6112-1	Form 13976	500	1	500	100	50,000
Totals		500		500		50,000

Please continue to assign OMB number 1545-1686 to these regulations.

301.6112-1

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 \$4,864.

15. REASONS FOR CHANGE IN BURDEN

There are no changes being made to the burden previously approved. This submission is being made for renewal purposes.

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 form and / or 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 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.