

SUPPORTING STATEMENT
Internal Revenue Service
Form 5713, International Boycott Report and Schedules A, B, and C
OMB Control Number **1545-0216**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC), Section 999, Reports by taxpayers (determinations); has reporting requirements for taxpayers that have operations in, or related to, a boycotting country.

Form 5713, is filed by persons having operations in or related to a "boycotting" country. If the entity participates or cooperates with an international boycott, a portion of the following benefits may be lost: the foreign tax credit, deferral of income of a controlled foreign corporation, deferral of income of a domestic international sales corporation (IC-DISC), and deferral of income of a foreign sales corporation (FSC).

The loss of tax benefits is figured on Schedules A and C or Schedules B and C (Form 5713). The international boycott factor (Schedule A) must be used to figure the reduction to foreign trade income qualifying for the extraterritorial income exclusion. To figure the loss of all other tax benefits, taxpayers can use either the international boycott factor (Schedule A) or determine taxes and income specifically attributable to boycott operations (Schedule B). And the loss of tax benefits is figured on Schedule C.

Schedule C is completed by partners. Partnerships do not complete Schedule C, however partnerships must complete parts of both Schedules A and B. However, if all partners figure the loss of their tax benefits using the boycott factor exclusively, or specifically identifiable taxes and income attributable to boycott operations exclusively, then the partnership is only required to complete parts of Schedule A or parts of Schedule B.

2. USE OF DATA

The IRS uses Form 5713 and Schedules A, B, and C to determine the number of entities that have operations in a "boycotting country," and to determine what benefits the entity will lose due to boycott participation or cooperation. The information is also used as the basis for a report to Congress.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Electronic filing of Form 5713 and Schedules A, B, and C are currently available.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available or use or adaption from another source.

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

The IRS proactively works with both internal and external stakeholders to minimize the burden on small businesses, while maintaining tax compliance. The Agency also seeks input regarding the burden estimates from the public via notices and tax product instructions. Filers can file Form 5713 and applicable schedules electronically, which further reduces any burden to small businesses.

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

A less frequent collection of taxes and tax information could adversely affect the government's effectiveness and would reduce the oversight of the public in ensuring compliance with Internal Revenue Code 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 May 6, 2021 (86 FR 24439), we received no comments during the comment period regarding Form 5317.

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 U.S.C. 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 <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 burden estimate is as follows:

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC §999	Form 5713	4,882	1	4,882	28.37	138,503
IRC §999	Sch A (Form 5713)	244	1	244	3.57	872
IRC §999	Sch B (Form 5713)	280	1	280	7.46	2,089
IRC §999	Sch C (Form 5713)	226	1	226	9	2,034
Totals		5,632				143,498

The following regulations impose no additional burden. Please continue to assign OMB Number 1545-0216 to this regulation.

7.999-1(b)

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

The Federal government cost estimate is based on a model that considers the following three cost factors for each information product: aggregate labor costs for development, including annualized startup expenses, operating and maintenance expenses, and distribution of the product that collects the information.

The government computes cost using a multi-step process. First, the government creates a weighted factor for the level of effort to create each information collection product based on variables such as complexity, number of pages, type of product and frequency of revision. Second, the total costs associated with developing the product such as labor cost, and operating expenses associated with the downstream impact such as support functions, are added together to obtain the aggregated total cost. Then, the aggregated total cost and factor are multiplied together to obtain the aggregated cost per product. Lastly, the aggregated cost per product is added to the cost of shipping and printing each product to IRS offices, National Distribution Center, libraries and other outlets. The result is the Government cost estimate per product.

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

Product	Aggregate Cost per Product (factor applied)	Printing and Distribution	Government Cost Estimate per Product
Form 5713	\$ 20,505		\$ 20,505
Form 5713 Instructions	\$ 5,859		\$ 5,859
Form 5713 Sch A	\$ 17,576		\$ 17,576
Form 5713 Sch B	\$ 17,576		\$ 17,576
Form 5713 Sch C	\$ 17,576		\$ 17,576
Grand Total	0		0
Table costs are based on 2021 actuals obtained from IRS Chief Financial Office and Media and Publications			

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 regulations 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.