

SUPPORTING STATEMENT

Internal Revenue Service

Allocation of expenses by real estate mortgage investment conduits

OMB# 1545-1018

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

In general, a real estate mortgage investment conduit (REMIC) is a fixed pool of mortgages in which multiple classes of interests are held by investors and which elects to be taxed as a REMIC. The regulations under section 860D prescribe the manner in which an entity elects status as a REMIC. The regulations under section 860F govern the filing of the REMIC's income tax return and, together with the regulations under sections 67 and 6049 require notice of income and other information to be provided to REMIC investors and the Internal Revenue Service (IRS).

TD 8366 (56 FR 49512), published September 30, 1991, contains temporary and final regulations relating to real estate mortgage investment conduits (REMICs). These regulations prescribe the manner in which an entity elects status as a REMIC for Federal income tax purposes and the procedures to be followed when filing a Federal income tax return as a REMIC. The regulations also require REMICs and certain other issuers to file information returns with the Internal Revenue Service and to provide to holders of REMIC interests or certain other collateralized debt instruments notice of income and certain allocable expenses attributable to their interests.

TD 8431 (57 FR 40319), published September 3, 1992, contains final regulations relating to reporting requirements with respect to single-class real estate mortgage investment conduits (REMICs) and the market discount fraction reported with other REMIC information. This document also contains final regulations that require an issuer of publicly offered debt instruments with original issue discount (OID) to file an information return with the Internal Revenue Service.

2. USE OF DATA

Investors use the information provided in sections 67 and 6049 while completing their income tax returns. The Internal Revenue Service will use this information to determine that taxpayers are complying with the appropriate tax laws. The REMIC election procedure is a means of identifying those taxpayers who are subject to the provisions governing REMICs and their investors.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS Publications, Regulations, Notices and Letters are to be electronically enabled on an as practicable basis in accordance with the IRS Reform and Restructuring Act of 1998. There are no plans to provide electronic filing because electronic filing is not appropriate for the collection of information in this submission due to the requirement to attach the document of record.

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

The collection of information requirement will not have a significant economic impact on a substantial number of small entities.

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

The REMIC election procedures are a means of identifying those taxpayers who are subject to the provisions governing REMICs and their investors. Consequences of less frequent collection would prevent the taxpayer from proper tax compliance 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

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 regulations.

In response to the Federal Register notice dated September 7, 2021 (86 FR 50209), we received no comments during the comment period regarding this guidance.

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

There is no sensitive personally identifiable information (PII) in this collection.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The collection of information in these regulations are as follows:

Section 1.67-3(f)(4)(ii) requires single class REMICs to provide certain section 67 information to nominees when information is requested pursuant to section 1.6049-7(e). We estimate that approximately 5 single class REMICs will have to provide the information to 5 brokers each and that each request will take .3 hour to furnish. Total burden: 8 hours.

Section 1.67-3(f)(2)(ii) permits single class REMICs to state the information on the statement described in section 1.6049-7(f) instead of on a separate statement provided in a separate mailing. The burden for furnishing the information on the statement described in section 1.6049-7(f) is reflected in the burden of Form 1099 INT and Form 1099 OID.

Sections 1.860D-1(d) and 1.860F-4 require the filing of Form 1066 and Schedule Q (Form 1066). The burden for the reporting requirements contained in those sections of the regulation are included in the burden of Form 1066.

The burden for the requirement under section 1.6049-4 to notify other investors of their actual amount of original issue discount is reflected in the burden of Form 1099 OID.

The burden for the requirement under section 1.6049-7(b)(1) to file Form 8811 is reflected in the burden of Form 8811.

The burden for the requirements under section 1.6049-7(b)(2) and 1.6049-7(f)(1) through (f)(6) to file Form 1099 INT and Form 1099 OID are reflected in the burden of these forms.

Section 1.6049-7(e) requires information to be furnished to brokers and middlemen who request the information to complete Forms 1099. We estimate that approximately 600 REMICs or other issuers of collateralized debt obligation will have to provide the information to 12 brokers or middlemen and that each request will take .1 hour to furnish. Total burden: 720 hours.

Section 1.6049-7(f)(7) requires brokers and middlemen to furnish to certain corporations and non-calendar year taxpayers' interest and original issue discount information. We

estimate that approximately 50 brokers or middlemen will have to provide the information to 50 corporations each and that each request will take .1 hour to furnish. Total burden: 250 hours.

	Total Responses	Hours per responses	Total burden hours
1.67-3(f)(4)(ii)	25	.3	8
1.6049-7(e)	7,200	.1	720
1.6049-7(f)(7)	2,500	.1	250
Totals	9,725		978 hrs.

Please continue to assign OMB number 1545-1018 to these regulations.

1.67-3

1.6049-4

1.6049-7

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

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. At the present time, the IRS estimates an annual governmental cost to be nominal.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. We are making this submission to renew the OMB approval.

	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses	9,725	0	0	0	0	9,725

Annual Time Burden (Hr)	978	0	0	0	0	978
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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.

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.