

SUPPORTING STATEMENT  
Internal Revenue Service  
Requirements Respecting the Adoption or Change of Accounting Method, Extensions of  
Time to Make Elections  
TD 8742  
OMB# 1545-1488

(1) CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 6081(a) of the Code provides that the Secretary may grant a reasonable extension of time for filing any return, declaration, statement, or other document required by the Code for a period of no more than 6 months (except where the taxpayer is abroad).

Section 301.9100-1 provides that the Commissioner may grant a reasonable extension of time to make a regulatory election or a statutory election (but not more than 6 months except in the case of a taxpayer who is abroad) under all subtitles of the Code except subtitles E, G, H, and I, provided the taxpayer demonstrates to the satisfaction of the Commissioner that: (1) the taxpayer acted reasonably and in good faith and (2) granting relief will not prejudice the interests of the government.

Section 301.9100-2 provides an automatic 12-month extension for certain regulatory elections and an automatic 6-month extension for regulatory elections and statutory elections whose deadlines are prescribed as the due date of the return or the due date of the return including extensions. Section 301.9100-2 requires a taxpayer filing an election under one of the automatic extensions to file an amended return for the year the election should have been made and attach the appropriate form or statement for making the election.

Section 301.9100-3 provides extensions of time for regulatory elections that do not meet the requirements of §301.9100-2. Section 301.9100-3(e) requires a taxpayer requesting relief to provide evidence (including affidavits from the taxpayer and other parties) to establish that the taxpayer acted reasonably and in good faith, and that granting relief will not prejudice the interests of the government. A request for relief under §301.9100-3 is a request for a letter ruling.

TD 8742 contains final regulations providing the procedures for requesting an extension of time to make certain elections under the Internal Revenue Code. In addition, the regulations provide the standards that the Commissioner will use in determining whether to grant taxpayers extensions of time to make certain elections including changes in accounting method and accounting period. The regulations also set forth the time for filing a Form 3115, Application for Change in Accounting Method, with the Commissioner. The regulations affect taxpayers requesting an extension of time to make certain elections and taxpayers requesting to change their method of accounting for federal income tax purposes.

(2) USE OF DATA

The data is used by the Service to determine whether to grant an extension of time for making an election or application for relief.

(3) USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

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. IRS publication, 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.

(4) EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available for use of adaptation from another resource.

(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

Consequences of less frequent collection on federal programs or policy activities does not apply to these regulations. To obtain the Commissioner's permission, a private letter ruling is needed as we're letting taxpayer's go back into prior years to make elections or change accounting methods or periods. If we didn't require taxpayers to obtain permission, control of the filing of income tax return process could not be maintained.

(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 THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

The agency received no comments during the comment period in response to the Federal Register notice 86 FR 61399 dated November 5, 2021.

(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 return information are confidential as required by 26 U.S.C. 6103.

(11) JUSTIFICATION OF SENSITIVE QUESTIONS

There is no sensitive, personally identifiable information (PII) collected.

(12) ESTIMATED BURDEN OF INFORMATION COLLECTION

Section 301.9100-2 requires a taxpayer filing an election under one of the automatic extensions to file an amended return for the year the election should have been made and attach the appropriate form or statement for making the election. The burden for preparation of the amended return is reflected on Form 1120X (or other required form) and the burden for preparation of the applicable form or statement is reflected in the burden requirements for the applicable election.

| Authority  | Description | # of Respondents | # Responses per Respondent | Annual Responses | Hours per Response | Total Burden |
|------------|-------------|------------------|----------------------------|------------------|--------------------|--------------|
| 301.9100-3 | TD 8742     | 500              | 1                          | 1                | 10                 | 5000         |
| Totals     |             |                  |                            |                  |                    |              |

(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.

(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.

(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

The IRS believes that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the 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 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.