

SUPPORTING STATEMENT
Internal Revenue Service
Revenue Procedure 99-50, Combined Information Reporting

OMB Control Number 1545-1667

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Revenue Procedure 99-50 permits combined information reporting by a successor business entity (i.e., a corporation, partnership, or sole proprietorship) in certain situations following a merger or an acquisition. This revenue procedure explains both the procedure otherwise required under the regulations (the “standard procedure”) and an elective procedure (the “alternative procedure”) for preparing and filing certain information returns in certain situations involving a successor business entity and a predecessor business entity (i.e., a corporation, partnership, or sole proprietorship) when the successor acquires substantially all of the property (1) used in the trade or business of the predecessor (including certain situations when one or more corporations are absorbed by another corporation pursuant to a merger agreement), or (2) used in a separate unit of a trade or business of the predecessor. The procedures prescribed in this revenue procedure apply to certain Forms 1042-S, all forms in the series 1098, 1099, and 5498, Form W-2G, Form 1097, Form 3921, and Form 3922. See the 2021 General Instructions for Certain Information Returns in supplementary documents.

If the alternative procedure is elected, the successor must file a statement with the IRS indicating what forms are being filed on a combined basis pursuant to Title 26 of the United States Code (USC) Section 6011.

2. USE OF DATA

The required statement is needed to assist the Service in processing the forms filed by the alternative procedure. This information is required to aid the Service in processing certain Forms 1042-S, all forms in the series 1098, 1099, and 5498, Form W-2G, Form 1097, Form 3921, and Form 3922 filed by successors who use the alternative procedure, reconcile discrepancies between the amounts reported on Forms 945 and Forms 1099 and W-2G filed by both predecessors and successors who use the alternative procedure, and reconcile discrepancies between the amounts reported on Forms 1042-S and Forms 1042 filed by predecessors and successors who use the alternative procedure.

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, P.L. 105-206. There are no plans to provide electronic filing because electronic filing is not appropriate for the collection of information in this submission.

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 businesses or other small entities affected by this revenue procedure.

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

The information will be used by the IRS to determine how a business entity is reporting required information on certain information returns. If this information is collected less frequently, it would compromise the Agency's ability to enforce tax compliance. Tax compliance is a vital part of the government's ability to meet its mission and serve the public.

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

We received no comments during the comment period in response to the Federal Register notice (86 FR 57267), dated October 14, 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 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 "Business Master file (BMF)" and a Privacy Act System of Records notice (SORN) has been issued for these systems under IRS 22.062 - Electronic Filing Records; IRS 24.030 - Customer Account Data Engine (CADE) Individual Master File; IRS 24.046 - CADE Business Master File (BMF); IRS 34.037 - IRS Audit Trail and Security Records System. The Internal Revenue Service PIAs can be found at <https://www.irs.gov/privacy-disclosure/privacy-impact-assessments-pia>.

Title 26 U.S.C. 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 the use of taxpayer identification numbers (TINs) in IRS systems.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Revenue Procedure 99-50 requires a successor business entity using the alternative method to provide a statement indicating what forms are being filed on a combined basis. The IRS anticipates that there will be approximately 6,000 respondents annually, and the estimated average response time is 5 minutes per respondent. The total estimated reporting burden amounts to 500 hours.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
Rev. Proc. 99-50	Combined Information Reporting	6,000	1	6,000	.08	500
Totals		6,000		6,000		500

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There is no annualized cost burden to respondents.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

To ensure more accuracy and consistency across its information collections, the IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, the 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

We believe that displaying the OMB expiration date is inappropriate because it would cause confusion by leading taxpayers to believe that the form sunsets as of the expiration date. Taxpayers may not be aware that the IRS 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 for this collection.

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.