

SUPPORTING STATEMENT
Internal Revenue Service
TD 9360, Guidance on Passive Foreign Company (PFIC) Purging Elections
OMB Control Number 1545-1965

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 1.1297-3T(c) allows a shareholder of a 1297(e) PFIC to make a deemed dividend election pursuant to which the shareholder includes in income as a dividend its pro rata share of the post-1986 earning and profit of the PFIC attributable to all of the stock it held, directly or indirectly on the CFC qualification date, as defined in 1.1297-3T(d). In order to make the deemed dividend election, the shareholder must file a Form 8621 and attach a schedule that demonstrates the calculation of the shareholder's pro rata share of the post-1986 earning and profits of the PFIC that is treated as distributed to the shareholder on the CFC qualification date. The attached schedule is necessary to insure that the shareholder is taking the correct amount into income as a dividend.

2. USE OF DATA

The information collected by the IRS will be used for audit and examination purposes.

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.

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

A less frequent collection will prevent the agency from promptly administering taxes and will hinder the IRS from meeting its mission. The information is necessary to ensure that the shareholder is taking the correct amount into income as a dividend. This information is collected annually.

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.

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 9, 2021 (86 FR 62236), IRS received no comments during the comment period regarding TD 9360.

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 information are confidential as required by 26 USC 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

No sensitive personally identifiable information (PII) is collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The schedule required to be attached to the Form 8621 is estimated to require an average of 1 hour to complete. Typically, a deemed dividend election is only made once for each shareholder of a 1297(e)PFIC. We estimate an average of 250 such elections per year.

The total burden will be 250 hours.

The burden for Form 8621 is reported under OMB control number 1545-1002 and the estimated burden for individual and business taxpayers filing Form 8621 is approved under OMB control number 1545-0074 and 1545-0123.

Authority	Description	# of Respondents	#Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC §§1.1297-3T(c)-(d), 1297(e)	TD 9360	250	1	250	1	250
Totals				250		250

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. IRS is making this submission to renew the OMB approval.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There is no plan 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 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 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.