

SUPPORTING STATEMENT
Internal Revenue Service
Revenue Procedure 2015-41
OMB Control No. 1545 -1503

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 482 of the Internal Revenue Code (26 U.S.C. § 482) allows the Secretary of the Treasury to reallocate income between related organizations if necessary, to prevent tax evasion or to clearly reflect income. Section 482 also requires that the income associated with the transfer of intangible property be commensurate with the income attributable to the intangible property. Treasury Regulation 1.482-1 provides an “arm’s length” standard, under which the transfer of goods and services between related parties should be valued at a price that would have been negotiated between unrelated parties for the same transaction. Under this revenue procedure, taxpayers can apply for advance agreements with the Internal Revenue Service about how to compute such “arm’s length” transfer prices. The Service requires information from Taxpayers in order to negotiate these agreements and to verify compliance with any agreements reached.

2. USE OF DATA

The data will be used by the Service to determine the best method of computing “arm’s length” prices, and to verify compliance with advance pricing agreements.

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

There is no burden on small businesses or entities by this collection due to the inapplicability of the authorizing statute under section 482 to this type of entity.

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

With less frequent collection, the IRS will not be able to verify that taxpayers are applying the correct method in computing “arm length” prices with advance pricing agreements. This would affect both the taxpayer and the government in ensuring proper tax compliance.

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

In response to the *Federal Register* notice (86 FR 62601) dated November 10, 2021, we received numerous comments from Cross Border Analytics INC. IRS appreciates comments, however, the comments and recommendations from the commenter, did not relate to the collection of information in the notice regarding Revenue Procedure 2015-41.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

No payments or gifts 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 USC 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

Not personally identifiable information (PII) is collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Section 3.02 concerns information submitted in a pre-filing memorandum that is suggested and, in some cases, required to be submitted by the taxpayer before filing an APA request. We estimate that 70 taxpayers will make such submissions. The estimated burden per respondent for recordkeeping/reporting is from 5 to 20 hours, with an average burden of 10 hours, for a total estimated burden of 700 hours.

Sections 3.04, 3.06, 3.09, 3.10, 4.04, 4.05, 5.01, 5.02, 8.01, and the appendix concern information submitted in filing an application for an initial, abbreviated or renewal APA. We estimate that 120 taxpayers will make such submissions. The estimated burden per respondent for recordkeeping/reporting is from 20 to 150 hours, with an average burden of 60 hours, for a total estimated burden of 7,200 hours.

Sections 7.02 and 7.04 concern information submitted for and recordkeeping requirements in connection with, annual reports to verify compliance with an APA, and information submitted to verify an APA's continuing validity or need for revision. We estimate that 200 taxpayers will make such submissions. The estimated burden per respondent for recordkeeping/reporting is from 5 to 30 hours, with an average burden of 15 hours, for a total estimated burden of 3,000 hours.

The number of respondents is 390 and the total burden on all taxpayers described in these preceding paragraphs is 10,900.

Burden Estimation:

Authorities	# Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
Sec. 3.02 Pre-filing memorandum	70	1	70	10	700
Secs. 3.04, 3.06, 3.09, 3.10, 4.04, 4.05, 5.01, 5.02, 8.01, appendix	120	1	120	60	7,200
Secs. 7.02, 7.04	200	1	200	15	3,000
Totals			390		10,900

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

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the revenue procedure 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.