

SUPPORTING STATEMENT
Internal Revenue Service
Passive Activity Credit Limitations
Form 8582-CR
OMB# 1545-1034

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 469 limits passive activity credits that a taxpayer may use to offset tax. Passive activity credits are allowed only to the extent of the tax attributable to net passive income plus the tax attributable to the \$25,000 allowance for rental real estate reduced by any amount allowable under the passive activity loss rules, and 10% of any remaining passive activity credits if the activity was acquired before 10/23/86.

Form 8582-CR is used by noncorporate taxpayers to figure the amount of any passive activity credit (PAC) for the current tax year (including any prior year unallowed credits) and the amount of credit allowed for the current year. It is also used to make the election to increase the basis of credit property when a taxpayer disposes of his or her interest in an activity.

Form 8582-CR is filed by individuals, estates, and trusts with any of the following credits from passive activities: General business credits and Qualified plug-in electric and electric vehicle credit.

2. USE OF DATA

The IRS uses Form 8582-CR to verify the credit allowed under the passive activity rules.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Electronic filing of Form 8582-CR is currently available.

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 because the information collection is applicable to individuals, estates and trusts per IRC section 469.

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

Consequences of less frequent collection on federal programs or policy activities could consist of a decrease in the amount of taxes collected by the Internal Revenue Service (IRS), inaccurate and untimely filing of tax returns, and an increase in tax violations.

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**

In response to the **Federal Register** notice (87 FR 12548), dated March 4, 2022, we received no comments during the comment period regarding Form 8582-CR.

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 USC 6103.

11. **JUSTIFICATION OF SENSITIVE QUESTIONS**

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the “Individual Master File (IMF)” system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.030-CADE Individual Master File and IRS 34.037 IRS Audit Trail and Security Records System. The Internal Revenue Service PIAs can be found at <http://www.irs.gov/uac/Privacy-Impact-Assessments-PIA>

Title 26 USC 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 social security numbers (SSNs) in IRS systems.

12. **ESTIMATED BURDEN OF INFORMATION COLLECTION**

Form 8582-CR is used by 300,000 respondents to figure the passive activity credit allowed and the actual credits to be reported on the tax return. To complete the Form 8582-CR the

300,000 respondents will complete the Parts and/or worksheets applicable to their tax situation. The estimated burden for individual filers is capture under OMB control number 1545-0074.

The estimated burden for estate and trust filers is captured under OMB control number 1545-1034. The 300,000 respondents on average take 7 hours and 54 minutes to complete Form 8582-CR for a total of 2,370,600 total annual burden hours.

8582-CR	No. of Responses	Hours Per Response	Total Burden
Part I Passive Activity Credits	300,000	2.95	885,000
Part II Special Allowance for rental real estate Activities with Active participation	150,000	1.51	226,500
Part III Special Allowance for Rehabilitation Credits from Rental Real Estate Activities and Low-Income Housing Credits for Property Placed in Service Before 1990 (or From Pass-Through Interests Acquired Before 1990)	150,000	1.39	208,500
Part IV Special Allowance for Low-Income Housing Credits for Property Placed in Service After 1989	30,000	1.07	32,100
Part V Passive Activity Credit Allowed	300,000	0.36	108,000
Part VI Election to Increase Basis of Credit Property	75,000	0.44	33,000
Worksheet 1 to figure the amounts to enter on lines 1a and 1b	150,000	1.09	163,500
Worksheet 2 to figure the amounts to enter on lines 2a and 2b	150,000	1.09	163,500
Worksheet 3 to figure the amounts to enter on lines 3a and 3b for low-income housing credits for property placed in service after 1989	30,000	1.08	32,400
Worksheet 4 to figure the amounts to enter on lines 4a and 4b.	150,000	1.08	162,000
Worksheet 5 Complete Worksheet 5 if you have an amount on Form 8582-CR, line 1c and you have credits from more than one activity	150,000	0.57	85,500
Worksheet 6 Complete Worksheet 6 if you have an amount on Form 8582-CR, line 2c and you have credits from more than one activity	150,000	0.57	85,500
Worksheet 7 Complete Worksheet 7 if you have credits on Form 8582-CR, line 3c and you have credits from more than one activity	30,000	0.57	17,100
Worksheet 8 Complete Worksheet 8 if you have credits on Form 8582-CR, line 4c from more than one activity or reported on different forms or you have amounts in column (d) of Worksheets 5, 6, or 7	150,000	0.61	91,500
Worksheet 9 Enter all the activities shown in Worksheet 8. The credits entered in column (a) of this worksheet are the credits shown in column (c) of Worksheets 1, 2, 3, and 4 for the activities listed in Worksheet 8	150,000	0.51	76,500
TOTAL	300,000	7.90	2,370,600

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

The Federal government cost estimate is based on a model that considers the following three cost factors for each information product: aggregate labor costs for development, including annualized start-up expenses, operating and maintenance expenses, and distribution of the product that collects the information.

The government computes cost using a multi-step process. First, the government creates a weighted factor for the level of effort to create each information collection product based on variables such as complexity, number of pages, type of product and frequency of revision. Second, the total costs associated with developing the product such as labor cost, and operating expenses associated with the downstream impact such as support functions, are added together to obtain the aggregated total cost. Then, the aggregated total cost and factor are multiplied together to obtain the aggregated cost per product. Lastly, the aggregated cost per product is added to the cost of shipping and printing each product to IRS offices, National Distribution Center, libraries, and other outlets. The result is the Government cost estimate per product.

The government cost estimate for this collection is summarized in the table below.

Product	Aggregate Cost per Product (factor applied)		Printing and Distribution		Government Cost Estimate per Product
Form 8582-CR	22,829	+	0	=	22,829
Form Instructions 8582-CR	11,707	+	0	=	11,707
Grand Total	34,536	+	0	=	34,536
Table costs are based on 2021 actuals obtained from IRS Chief Financial Officer and Media and Publications					
* New product costs will be included in the next collection update.					

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

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 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.

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.