

SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Revocation of Election filed under I.R.C. 83(b)
Rev. Proc. 2006-31
OMB Control Number **1545-2018**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 83(a) of the Internal Revenue Code generally provides that if, in connection with the performance of services, property is transferred to any person other than the person for whom such services are performed, then, the excess of the fair market value of the property as of the first day that the transferee's rights in the property are transferable or not subject to a substantial risk of forfeiture, whichever occurs earlier, over the amount paid for the property is included in the service provider's gross income.

Under section 83(b), the service provider may elect to include as compensation for services at the time of transfer, the excess of the fair market value of the property over the amount paid for the property. If this election is made, the substantial vesting rules of § 83(a) do not apply to the property, and, generally any subsequent appreciation in the value of the property is not taxable as compensation to the service provider.

Section 83(b)(2) provides that an election under section 83(b) may not be revoked without the consent of the Commissioner. Section 1.83-2(f) of the Income Tax Regulations provides that consent to revoke the election will only be granted where the transferee is under a mistake of fact as to the underlying transaction and the request is made within 60 days of the discovery of the mistake of fact. For the Internal Revenue Service to determine whether consent to revoke the election should be granted, it is necessary for the applicant to submit a request for a private letter ruling. The Revenue Procedure 2006-31 addresses the information needed by the Internal Revenue Service (IRS) to determine whether revocation is appropriate.

There have been no changes to the forms, or the burden previously approved by OMB. This request is for renewal purposes only.

2. USE OF DATA

The information will be used by the IRS to determine whether permission to revoke the election should be granted.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There are no plans currently to offer electronic filing as respondents provide IRS with a copy of their election with the election date, and a description of the mistake of facts.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available or use or adaption from another source.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

Small businesses should not be disadvantaged as the form has been structured to request the least amount of information and still satisfy the requirements of the statute and the needs of the IRS.

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

A less frequent collection will not allow the IRS to determine whether permission to revoke the election should be granted and would hinder the IRS from meeting its mission.

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

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments on this guidance.

In response to the Federal Register notice dated March 23, 2022 (87 FR 16554), we received no comments during the comment period regarding these regulations.

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)" 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 PIA's can be found at <https://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

Section 4 of the revenue procedure requires the applicant to submit a private letter ruling request in accordance with Rev. Proc. 2006-1 (or its successor).

The total estimated average annual burden varies from 1 hour to 5 hours with a total estimated average burden of 2 hours on 200 respondents for a total of 400 hours annually.

Rev. Proc.	Description	# Respondents	# Responses Per Respondent- Approximate	Total Annual Responses	Hours Per Response	Total Burden
2006-1	Revocation of Election filed under I.R.C. 83(b)	200	1	200	2	400
TOTAL		200		200		400

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The IRS currently estimates the cost burden on respondents to be nominal.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The IRS currently estimates the annualized costs to the federal government for processing the requests under this collection to be \$10,000. 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 have been no changes to the forms that would affect burden. IRS is making this submission for renewal purposes.

	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses	200	0	0	0	0	200
Annual Time Burden (Hr.)	400	0	0	0	0	400

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 regulations 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.