

**SUPPORTING STATEMENT**  
Internal Revenue Service  
Return by a U.S. Transferor of Property to a Foreign Corporation  
Form 926  
OMB Control Number **1545-0026**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Internal Revenue Code (IRC) 6038B, *notice of certain transfers to foreign persons*; state a foreign corporation, or a foreign partnership in a contribution, or makes a distribution to a person who is not a United States person, shall furnish to the Secretary, at such time and in such manner as the Secretary shall by regulations prescribed.

Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation; is used to report certain transfers by individuals, partnerships, corporations, or estate or trust of tangible or intangible property to a foreign corporation.

This request is being submitted to include proposed regulations (REG-124064-19) that, in certain cases, would terminate the continued application of section 367(d) arising from a previous transfer of intangible property to a foreign corporation when the intangible property is repatriated to certain United States persons. The proposed regulations would affect certain United States persons that previously transferred intangible property to a foreign corporation. The proposed regulations will result in an estimated burden increase of 1,601 hours.

**2. USE OF DATA**

IRS uses Form 926 to determine property that is transferred to a foreign corporation, partnership or a person that is not a United States person to compute the foreign tax credit.

**3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

Electronic filing of Form 926 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 IRS proactively works with both internal and external stakeholders to minimize the burden on small businesses, while maintaining tax compliance. The Agency

also seeks input regarding the burden estimates from the public via notices and tax product instructions. This form can be filed electronically, which further reduces any burden to small businesses.

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

A less frequent collection will not enable the IRS to meet its mission by verifying the foreign tax credits are being computed properly and in accordance with Internal Revenue Code § 6038B and will 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 regarding Form 926.

Proposed regulations (REG-124064-19) published May 3, 2023, request public comments and recommendations on the information collections.

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 "Business Master File (BMF)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.046-Customer Account Data Engine Business Master File. 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**

Use Form 926 to report certain transfers of tangible or intangible property to a foreign corporation, as required by section 6038B. Business filing estimates are being reported under 1545-0123 and individual estimates are under 1545-0074. The following data represents the estate and trust filers of Form 926.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
1.6038B-1	Form 926 - Return by a U.S. Transferor of Property to a Foreign Corporation	667	1	667	42.89	28,608
Proposed 1.6038B-1(d)(iv)*	REG-124064-19				2.40	1,601
	Totals			667	45.29	30,209

\* The proposed regulation is a subset of the form burden. It is not increasing the number of respondents/responses but is estimated to increase the time per response for the form.

The following are related regulations which impose no additional burden. Please continue to assign OMB number 1545-0026 to these regulations

<b>13.</b>	1.367(a)-1T -2T	1.367(a)-3	1.6038B-1(d)(iv)
	1.367(a)-3(c)	1.367(a)-6T	
	1.367(a)-8	1.367(b)-1(c)	
	1.367(d)-1T	1.6038B-1T	

**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 startup 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.

<b>Product</b>	<b>Aggregate Cost per Product (factor applied)</b>	<b>Printing and Distribution</b>	<b>Government Cost Estimate per Product</b>
Form 926	\$ 20,487	--	\$ 20,487
Form 926 Instructions	\$ 8,049	--	\$ 8,049
<b>Grand Total</b>	<b>028,536</b>	--	<b>028,536</b>

**15. REASONS FOR CHANGE IN BURDEN**

The burden changes are due to the requirement to provide specific information concerning a subsequent transfer of intangible property as described in §1.367(d)-1(f)(4)(i).

	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	667	0	0	0	0	667
Annual Time Burden (Hr)	30,209	0	1,601	0	0	28,608

This submission is being made to revise a currently approved collection.

**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 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 if 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.