

SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Form 7207, Advanced Manufacturing Production Credit
OMB Control Number 1545-NEW

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The Inflation Reduction Act of 2022 (P.L. 117-169) created new section 45X, Advanced Manufacturing Production Credit to authorize a credit for eligible components produced and sold after 2022. Section 45X provide that, for purposes of the general business credit under section 38 of the Code, the advanced manufacturing production credit for any taxable year is an amount equal to the sum of the credit amounts determined under § 45X(b) with respect to each eligible component (as defined in § 45X(c)) produced by the taxpayer and sold by such taxpayer to an unrelated person, but only if such production and sale is in a trade or business of the taxpayer. In addition, under section 45X(a)(3)(B), a taxpayer may make an election in the form and manner prescribed by the Secretary of the Treasury or her delegate to treat a sale of components by such taxpayer to a related person as made to an unrelated person.

The Advanced Manufacturing Production Credit will be claimed on new IRS Form 7207.

2. USE OF DATA

Form 7207 is used to claim the advanced manufacturing production credit under section 45X for eligible components produced by the taxpayer and sold during the tax year in the taxpayer's trade or business to an unrelated person.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS is in the process of offering electronic filing for Form 7207.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available 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 could consist of taxpayers unable to claim the manufacturing production credit under section 45X for eligible components produced by the taxpayers and sold during the tax year to an unrelated person.

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

Due to the extraordinary circumstances and statutory deadlines for implementing the section 13502 of the Inflation Reduction Act of 2022, the Treasury and IRS request emergency processing of this information collection. Given the inability to seek public comment during such a short timeframe, IRS also respectfully requests a waiver from the requirement to publish a notice in the Federal Register seeking public comment during the period of Office of Management and Budget review. However, public comment will be solicited in conjunction with the subsequent extension of the approval to collect this information.

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. 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

The time needed to complete and file the Form 7207 will vary depending on individual circumstances. The estimated burden for individual filers is capture under OMB control number 1545-0074 and business filers is capture under OMB control number 1545-0123. The estimated burden for estate and trust filers is captured under OMB control number 1545-NEW.

Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden Hours
Form 7207	1000	1	1000	3.93	3,930
Totals	1000	1	1000		3,930

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

To ensure more accuracy and consistency across its information collections, the IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, the 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. These costs do not include any activities such as taxpayer assistance and enforcement.

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 new collection will be included in the next collection update.

15. REASONS FOR CHANGE IN BURDEN

This is a new collection due to enactment of the section 13502 of the Inflation Reduction Act of 2022.

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

The IRS believes that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the form expires 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.