

SUPPORTING STATEMENT
Internal Revenue Service
Form 14234 and (Sub-forms:14234-A, 14234-B, 14234-C, 14234-D)
Compliance Assurance Process (CAP) Application
OMB Control No. 1545-XXXX

9. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Form 14234, Compliance Assurance Process (CAP) Application: is a strictly voluntary program available to Large Business and International Division (LB&I) taxpayers that meet the selection criteria. CAP is a real-time review of completed business transactions during the CAP year with the goal of providing certainty of the tax return within 90 days of the filing. Taxpayers in CAP are required to be cooperative and transparent and report all material issues and items related to completed business transactions to the review team.

All Taxpayers will apply for CAP by submitting: Form 14234, CAP Application; Form 14234-A, CAP Research Credit Questionnaire; Form 14234-C, Taxpayers Initial Issues List. In addition, New Taxpayers will submit: Form 14234-B Material Intercompany Transactions Template (MITT) and their Global Tax Organization Chart and Form 14234-D Tax Control Framework Questionnaire.

The collection of information is authorized by 26 USC 6011.

10. USE OF DATA

Information on Form 14234, CAP Application, will be used by the Internal Revenue Service (IRS) LB&I industry executives to determine which taxpayers meet the selection criteria and should be accepted into the voluntary program for the year.

11. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Form 14234 series can only be retrieved electronically.

12. EFFORTS TO IDENTIFY DUPLICATION

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

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

This information collection does not apply to small businesses or small entities.

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

Less frequent collection of data required to be disclosed on Form 14234 would inhibit timely review of transactions; timely tax and financial reporting certainty; and resource and time efficiencies for both the taxpayer and the IRS.

15. 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).

16. 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 dated October 13, 2022 (87 FR 62184), we did not receive comments during the comment period regarding Form 14234.

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

No payment or gift has been provided to any respondents.

18. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 USC 6103.

19. JUSTIFICATION OF SENSITIVE QUESTIONS

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the "Office of Tax Shelter Analysis Application (OTSA)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under Treasury/IRS 42.021-- Compliance Programs and Project Files, Treasury/IRS 42.001-- Examination Administrative Files, Treasury/IRS 42.008-- Audit Information Management System, and Treasury/IRS 34.037-- IRS Audit Trail and Security Records System. The Department of Treasury PIAs can be found at <https://www.irs.gov/privacy-disclosure/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.

20. ESTIMATED BURDEN OF INFORMATION COLLECTION

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The burden estimate is as follows:

<u>Authorities</u>	<u>Form</u>	<u>Number of Responses</u>	<u>Hours per Response</u>	<u>Total Hours</u>
6011	Form 14234 -CAP	125	12.67	1,584
	Totals	125	12.67	1,584

21. 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.

22. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Cost estimate for product development 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 costs to the Federal government will vary depending on whether the IRS will incur printing or copying costs for all the materials. These costs do not include any activities such as taxpayer assistance and enforcement. IRS estimates have determined that the cost of developing, printing, distribution and overhead for the form is \$13,002.

23. REASONS FOR CHANGE IN BURDEN

There is no change in the burden previously approved by OMB, for Form 14234 formerly under OMB Control number 1545-1800.

	<u>Requested</u>	<u>Program Change Due to Statute</u>	<u>Program Change Due to Agency Discretion</u>	<u>Change Due to Adjustment in Agency Estimate</u>	<u>Previously Approved</u>
Annual Number of Responses	125	0	0	0	125
Annual IC Time Burden (Hours)	1,584	0	0	0	1,584

24. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis and publication.

25. 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 OMB approval and obtain a new expiration date before the old one expires.

26. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions to the certification statement.

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 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.