

SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Form 3468, Investment Credit
OMB Control Number 1545-0155

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

— Taxpayers are allowed a credit against their income tax for certain expenses they incur for their trades or businesses under Internal Revenue Code sections 46 through 48. Form 3468 is used to claim the investment credit.

The Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act of 2022, P.L. 117-167, Sec. 107, added a business credit equal to 25% of the investment in any facility for the primary purpose of manufacturing of semiconductors or semiconductor manufacturing equipment placed in service after 2022.

The Inflation Reduction Act of 2022, (IRA 2022), P.L. 117-169, Sec. 13102, for energy credit property (which includes geothermal energy) and other property placed in service after 2022 (which is applicable for 2022 fiscal tax years ending in 2023), IRA 2022 provides that the credit rate increases to 30% instead of 10%.

2. USE OF DATA

Form 3468 is used to compute taxpayers' credit against their income tax for certain expenses incurred for their trades or businesses. The information collected is used by the IRS to verify that the credit has been correctly computed.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Electronic filing of Form 3468 is currently available.

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

There are no small entities affected by this collection.

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

The information required is needed to verify compliance with the Internal Revenue Code sections 46 through 48 of the Treasury Regulations. A less frequent collection of taxes and tax information could adversely affect the government's effectiveness and would reduce the oversight of the public in ensuring compliance with Internal Revenue Code and 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

In response to the Federal Register notice dated April 11, 2023 (88 FR 21749), 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" system and a Privacy Act System of Records notice (SORN) has been issued for this system under: Treas/IRS 24.046 BMF, Treas/IRS 34.047 Audit trail and security records system. The Internal Revenue Service PIAs 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.

The Privacy Act statement associated with this form is listed in the instructions.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Form 3468 is used by individuals, businesses, and estates and trusts. The portion of the burden imposed on individual taxpayers is approved and reported under OMB Control Number 1545-0074. The portion of the burden imposed on business is approved and reported under OMB Control Number 1545-0123.

The estimate of burden that is being reported under 1545-0155 reports only the burden imposed on estates and trusts. The burden estimate is as follows:

Form Number	Description	# Respondents	# Responses Per Respondent	Total Annual Responses	Hours Per Response	Total Burden
3468	Investment Credit	2,109	1	2,109	35.57 hours	75,107
TOTAL		2,109	1	2,109	35.57 hours	75,107

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0155 to this regulation.

1.46-1	1.47-1	1.48-12(d)(6)
1.46-3&4	1.47-3	1.48-12(d)(7)(i)&(ii)
1.46-5&6	1.48-3 through 6	1.48-12(d)(7)(iv)(B)&(C)
1.46-8&9	1.48-12(b)(2)(vii)&(ix)	1.6851-1&2
1.46-11	1.48-12(d)(5)(ii)	

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 3468	\$65,437	+	0	=	\$65,437
Instructions	\$22,651	+	0	=	\$22,651
Grand Total	\$88,088	+	0	=	\$88,088
Table costs are based on 2022 actuals obtained from IRS Chief Financial Office and Media and Publications					

15. REASONS FOR CHANGE IN BURDEN

There is no change to the paperwork burden previously approved by OMB. 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	2,109	0	0	0	0	2,109
Annual Time Burden (Hr)	75,107	0	0	0	0	75,107

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.