

SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Export Exemption Certificate (Form 1363)
OMB # 1545-0685

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC) section 4272(b)(2) accepts exported property from the excise tax on transportation of property. Regulation section 49.4271-1(d)(2) authorizes the filing of Form 1363 and is filed with the carrier to suspend the liability for the 6.25% tax on transportation of property by air. A separate Form 1363 can be used in connection with each payment otherwise subject to tax or, with the permission of the Internal Revenue Service.

Form 1363 can also be used as a blanket exemption certificate by a person who expects to make payments for numerous export shipments over an indefinite period. If used in connection with a separate payment, the certificate shall be executed, in duplicate, by the shipper or other person making the payment subject to tax. Such person shall retain the duplicate with the shipping papers for at least 3 years from the last day of the month during which the shipment was made from the point of origin and shall file the original with the carrier at the time of payment of the transportation charge. The carrier receiving the original certificate shall retain it along with the document showing payment of the transportation charge, for a period of at least 3 years from the last day of the month during which the shipment was made from the point of origin.

2. USE OF DATA

The information is used by the IRS to verify shipments of property made tax-free when a carrier's return is examined.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There are no plans to provide electronic filing for Form 1363. Form 1363 is provided to a carrier to suspend the liability for the section 4271 6.25% tax on transportation of property by air. Taxpayers may use a separate Form 1363 in connection with each payment otherwise subject to tax or, with the permission of the IRS, they may use one Form 1363 as a blanket exemption certificate.

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

Starting 2009, taxpayers no longer had to consecutively number exemption certificate(s). Rather than use separate forms in connection with each payment, with the permission of the IRS, taxpayers can use one form 1363 as a blanket exemption certificate. If granted, it will remain in effect until withdrawn. The description of property to be exported can be brief and in the case of a blanket exemption, a general description is also sufficient. These efforts by the agency are to reduce burden on small businesses and entities, as well as the general population.

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

If the IRS did not collect this information, the IRS would not be able to verify shipments of property made tax-free when a carrier's return is examined. The consequences are that the IRS will have to spend more taxpayer assistance resources to collect this data through other means. This will compromise the Agency's ability to enforce tax compliance. Tax compliance is a vital part of the government's ability to meet its' mission and serve the public.

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 March 15, 2023 (88 FR 16079), we received no comments during the comment period regarding Form 1363.

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

No payment or gift will be 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

No personally identifiable information (PII) is collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

| Authority | Description | Number of Respondents | #Responses per Respondent | Annual Responses | Hours per Response | Total Burden |
|-----------------------|--------------------|------------------------------|----------------------------------|-------------------------|---------------------------|---------------------|
| IRC 4272(b) (2) | Form 1363 | 100,000 | 1 | 100,000 | 4.25 | 425,000 |

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0685 to these regulations:

49.4271-1(c) and (d)

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 1363 | 23,490 | + | 0 | = | 23,490 |
| Total | | | | | 23,490 |

Table costs are based on 2021 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.

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 form sunsets as of the expiration dates. 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 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.