

## **SUPPORTING STATEMENT**

Internal Revenue Service (IRS)

TD 8096 (Product Liability Losses and Accumulations for Product Liability Losses)

OMB Control Number 1545-0863

### 1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC) section 172 defines the requirements that must be met to claim a Net operating loss deduction.

Generally, a taxpayer who sustains a product liability loss for a taxable year beginning before January 1, 2018, shall be a net operating loss carryback to each of the 20 taxable years following the taxable year of the loss (see section 172(b)(1)(I)). The election must be made by the due date (including extensions) for filing the taxpayer's return for the taxable year the loss arose. The taxpayer is also entitled to relinquish the entire carryback period with respect to a net operating loss for any taxable year. Once the election to waive the carryback is made for any taxable year, the election is irrevocable for such taxable year.

### 2. USE OF DATA

The information on the statement will be used by the Internal Revenue Service to determine if the taxpayer is complying with the carryback rules of section 172.

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

The IRS has no plans at this time to offer electronic filing due to the low number of filers.

### 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

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. The Agency will continue to as applicable find ways to reduce the burden on small businesses or other small entities.

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

The information required is needed to verify compliance with Section 172 of the Internal Revenue Code 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.

1. 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 06, 2024 (89 FR 16086), IRS received no comments during the comment period regarding TD 8096.

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

No gifts of 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

No personally Identifiable Information (PII) is being collected through the regulations.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

We estimate that 5000 taxpayers will make this election and that it will take them 0.5 of an hour each, for a total burden of 2,500 hours.

Authority	# Respondents	# Responses Per Respondent	Total Annual Responses	Hours Per Response	Total Burden
IRC § 1.172-13 (c)(3)	5,000	1	5,000	.5 hr.	2,500
Totals	5,000		5,000		2,500

The following regulation impose no additional burden. Please continue to assign OMB number 1545-0863 to this regulation:

1.172-13(c)(3)

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

From our *Federal Register* notice, dated March 06, 2024, no comments on the estimates of capital or start-up costs and cost operation, maintenance, and purchase of services to provide were received. However, 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

There is no annualized cost to the federal government.

1. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. IRS is making this submission as a previously approved collection.

2. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

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

3. 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 Service intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

4. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions to the certification statement for this collection.

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.