

**SUPPORTING STATEMENT**  
Internal Revenue Service  
Advance Pricing and Mutual Agreement Program  
OMB Control No. **1545 -1503**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Section 482 of the Internal Revenue Code (26 U.S.C. § 482) outlines in any case of two or more organizations, trades, or businesses (whether or not incorporated, whether or not organized in the United States, and whether or not affiliated) owned or controlled directly or indirectly by the same interests, the Secretary may distribute, apportion, or allocate gross income, deductions, credits, or allowances between or among such organizations, trades, or businesses, if he determines that such distribution, apportionment, or allocation is necessary in order to prevent evasion of taxes or clearly to reflect the income of any of such organizations, trades, or businesses. In the case of any transfer (or license) of intangible property (within the meaning of section 367(d)(4)), the income with respect to such transfer or license shall be commensurate with the income attributable to the intangible. The purpose of section 482 is to ensure that taxpayers clearly reflect income attributable to controlled transactions and to prevent the avoidance of taxes with respect to such transactions. Section 482 places a controlled taxpayer on a tax parity with an uncontrolled taxpayer by determining the true taxable income of the controlled taxpayer.

Revenue Procedure 2015-41 provides guidance on the process of requesting and obtaining advance pricing agreements from the Advance Pricing and Mutual Agreement program ("APMA"), a constituent office of the U.S. competent authority, within the office of the Deputy Commissioner International, Large Business & International Division. This revenue procedure also provides guidance on administration of an executed advance pricing agreement (APA). This revenue procedure updates and supersedes Rev. Proc. 2006-9, 2006-1 C.B. 278, as modified by Rev. Proc. 2008-31, 2008-1 C.B. 1133, which is also superseded.

The [Advance Pricing and Mutual Agreement \(APMA\) Program](#) works with taxpayers to avoid and resolve double tax issues under U.S. income tax treaties.

**2. USE OF DATA**

The data will be used by the IRS to determine the best method of computing "arm's length" prices, and to verify compliance with advance pricing agreements.

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

The IRS has no plans to offer electronic filing as these are narrative statements, recordkeeping and third-party disclosures.

**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

There is no burden on small businesses or entities by this collection due to the inapplicability of the authorizing statute under section 482 to this type of entity.

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

With less frequent collection, the IRS will not be able to verify that taxpayers are applying the correct method in computing “arm length” prices with advance pricing agreements. This would affect both the taxpayer and the government in ensuring proper tax compliance.

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 THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

In response to the Federal Register notice (89 FR 97169) dated December 6, 2024, we received one comment letter.

The letter indicates that it is providing comments concerning Revenue Procedure (“Rev. Proc”) 2015-41, which provides guidance on the process of requesting and obtaining advance pricing agreements from the Advance Pricing and Mutual Agreement program (“APMA”). The letter notes that the comments and recommendations specifically focus on cost sharing arrangements (“CSAs”) and the application of Rev. Proc. 2015-41. However, the comment's primary recommendation is that Treas. Reg. § 1.482-7 must be withdrawn and CSAs should no longer be allowed between related parties. If this primary recommendation is not adopted, then several other recommendations are made to amend the section 482 regulations and includes specific recommendations relating to Rev. Proc. 2015-41.

Since the comment makes recommendations to amend the section 482 regulations and does not address the collection of information requirements under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), the IRS has determined that the comment is outside the scope of the request for comments in the notice. However, if the Treasury Department and the IRS issue guidance under section 482 and update Rev. Proc. 2015-41, the IRS will consider the comment's suggestions at that time.

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

No payments or gifts 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

Not personally identifiable information (PII) is collected.

## 12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Section 3.02 concerns information submitted in a pre-filing memorandum that is suggested and, in some cases, required to be submitted by the taxpayer before filing an APA request. We estimate that 70 taxpayers will make such submissions. The estimated burden per respondent for recordkeeping/reporting is from 5 to 20 hours, with an average burden of 10 hours, for a total estimated burden of 700 hours.

Sections 3.04, 3.06, 3.09, 3.10, 4.04, 4.05, 5.01, 5.02, 8.01, and the appendix concern information submitted in filing an application for an initial, abbreviated or renewal APA. We estimate that 120 taxpayers will make such submissions. The estimated burden per respondent for recordkeeping/reporting is from 20 to 150 hours, with an average burden of 60 hours, for a total estimated burden of 7,200 hours.

Sections 7.02 and 7.04 concern information submitted for and recordkeeping requirements in connection with, annual reports to verify compliance with an APA, and information submitted to verify an APA's continuing validity or need for revision. We estimate that 200 taxpayers will make such submissions. The estimated burden per respondent for recordkeeping/reporting is from 5 to 30 hours, with an average burden of 15 hours, for a total estimated burden of 3,000 hours.

The number of respondents is 390 and the total burden on all taxpayers described in these preceding paragraphs is 10,900.

Burden Estimation:

<b>Authorities</b>	<b># Respondents</b>	<b># Responses per Respondent</b>	<b>Annual Responses</b>	<b>Hours per Response</b>	<b>Total Burden</b>
Sec. 3.02 Pre-filing memorandum	70	1	70	10	700
Secs. 3.04, 3.06, 3.09, 3.10, 4.04, 4.05, 5.01, 5.02, 8.01, appendix Applications (initial, renewal, abbreviated)	120	1	120	60	7,200
Secs. 7.02, 7.04 Annual Reports	200	1	200	15	3,000
<b>Totals</b>			<b>390</b>		<b>10,900</b>

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are user fees of \$121,600 for APA, \$65,900 for renewals, \$57,500 for small case APAs, and \$24,600 for amendments to APA. The average cost for a request is \$67,400  $((\$121,600 + \$65,900 + \$57,500 + \$24,600) / 4 = \$67,400)$ . The total cost to respondents is \$8,088,000  $(120 \times \$67,400 = \$8,088,000)$ .

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The user fees associated with this collection are based on the average costs for the IRS to review and process the APA applications. The estimated annualized average government cost is \$8,088,000.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. We are making this submission to renew the OMB approval.

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

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the revenue procedure 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.