

Supporting Statement
Internal Revenue Service
Entity Classification Election (Form 8832)
OMB Control Number 1545-1516

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC) section 1362 defines the authority for a small business corporation to elect to be an S corporation. Generally, an eligible entity that does not file Form 8832 will be classified under the default rules for Federal tax purposes. An eligible entity that chooses not to be classified under the default rules or that wishes to change its current classification must file form 8832 to elect a classification.

T.D. 8697 contains final regulations that classify certain business organizations under an elective regime. These regulations replace the existing classification rules.

Form 8832 Entity Classification Election is for an eligible entity to elect how it will be classified for federal tax purposes, as a corporation, a partnership, or an entity disregarded as separate from its owner.

2. USE OF DATA

The Internal Revenue Service (IRS) uses the information collected to establish the entity's filing and reporting requirements for Federal tax purposes.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS has no plans 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 for use or adaptation from another source.

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

Small businesses should not be disadvantaged as the form has been structured to request the least amount of information and still satisfy the requirements of the statute and the needs of the IRS.

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

Less frequent collection of this information would result in the IRS receiving inaccurate and untimely filed tax returns and an increase in tax violations. Additionally, less frequent collection of this information would compromise the IRS'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 June 4, 2025 (90 FR 23766), we have received a public comment from Falcon Rappaport & Berkman LLP (FR&B LLC). The full comments will be included within submission to the Office of Management and Budget (OMB). The summary of the comments and the IRS responses are below:

**Matthew E. Foreman, Esq., FR&B LLC Comments dated August 4, 2025
Entity Classification Election Form 8832**

Comment Number	Summary of public comment	IRS response
1.	Information requested on Form 8832 has practical utility and requestor made statement to confirm confidence in need for form to request information to administer tax code and meet IRS mission.	The IRS appreciates the commentor's statement.
2.	Accuracy of agency's estimate of burden of collecting information and time it takes to learn law about the form is significantly more than estimated in the form's instructions.	The Arthur D. Little (ADL) calculation method is used to estimate the time burden to complete Form 8832. This method estimates the average time per respondent, but individual circumstances may vary.
3.	Requestor requests an online platform on IRS.gov or Pay.gov be for submission of Form 2253, Form 8869, Form 8832, & ESBT trusts written	Combining the Forms 2553, 8869, 8832 and ESBT trust written statement would be difficult and problematic to administer. Each form serves a specific purpose to make the election as

	statement, while also consolidating into one form. Once submitted, the user could verify submission, acceptance and generate proof of processing. This could benefit reorganizations with one or more organization, clarify when a new EIN is required, and minimize time IRS spends reviewing submissions.	required by law or regulations and it would not be feasible to combine them into one form.
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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 “Affordable Care Act (ACA)” system and a Privacy Act System of Records notice (SORN) has been issued for this system under; IRS 24.030 - Individual Master File, IRS 24.046 - Customer Account Data Engine Business Master File. The Internal Revenue Service PIAs can be found at <https://www.irs.gov/uac/Privacy-Impact-Assessments-PIA>.

Title 26 U.S.C. 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.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Form 8832 is used annually to elect how it will be classified for federal tax purpose, as a corporation, a partnership, or an entity disregarded as separate from its owner.

It is anticipated that there will be 50 respondents that respond once with a response time of 7 hours 11 minutes totaling 359 burden hours.

The burden estimate is as follows:

Authority	Description	# of Respondents	# of Responses per Respondent	Annual Responses	Hours per Response	Total Burden Hours
IRC § 1362	Form 8832	50	1	50	7 hrs 11 mins.	359
Totals		50		50		359

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The IRS currently estimates the cost burden on respondents to be nominal. There are no start-up or maintenance costs for this collection. The collection does not require respondents to obtain specialized equipment or professional services.

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 startup expenses, operating and maintenance expenses, and distribution of the product that collects the information. These costs do not include any activities such as taxpayer assistance and enforcement.

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 8832	\$34,689	+	\$0	=	\$34,689
Grand Total	\$34,689	+	\$0	=	\$34,689
Table costs are based on 2024 actuals obtained from IRS Chief Financial Office and Media and Publications					

15. REASONS FOR CHANGE IN BURDEN

There is no change to the existing collection; however, the total burden has been reduced due to burden estimates covered for business filers under OMB control number 1545-0123. We are making this submission to renew the OMB approval. IRS has updated the burden estimates to reflect current filing data. This has decreased the number of respondents by -4,950 and the corresponding burden hours by -35,541 due to Agency Estimate.

	Total Requested	Change Due to New Statute	Change Due to Agency Discretion	Change Due to Adjustment in Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses	50	0	0	-4,950	0	5,000
Annual Time Burden (Hr)	359	0	0	-35,541	0	35,900

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

The IRS believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the forms expire 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.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

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