

SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Conduit Arrangements Regulations
T.D. 8611
OMB Control Number 1545-1440

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Under section 7701(l) of the Internal Revenue Code (“the Code”), the Secretary may prescribe regulations recharacterizing any multiple-party financing transaction as a transaction directly among any 2 or more parties. Treasury Decision (TD) 8611 provides rules that permit the district director to recharacterize a financing arrangement as a conduit arrangement.

26 CFR §1.881-3 provides rules that permit the district director to recharacterize, for purposes of section 881 of the Code, a financing arrangement among three or more persons as a financing arrangement that does not involve one or more of those persons because that person is a conduit entity.

Section 1.881-4(b) of the regulations provides that each party to a financing arrangement who is subject to the general recordkeeping requirements of section 6001 must keep the permanent books of account or records, as required by section 6001, that may be relevant to determining whether that person is a party to a financing arrangement and whether that financing arrangement is a conduit financing arrangement as defined by §1.881-3 of the final regulations. Parties are required to maintain specific records about the transaction and its circumstances, as detailed in Section 1.881-4(c).

In addition, if applicable, each party to the financing arrangement must comply with the recordkeeping requirements of §1.6038A-3 with respect to records that are relevant to the determination under §1.881-3 of the regulations.

2. USE OF DATA

Section §1.881-4 of the regulations provides rules for the maintenance of records concerning certain financing arrangements to which the provisions of §1.881-3 of the regulations apply. The rules require records to be maintained by a financed entity concerning financing arrangements to which the objective standards for recharacterization in §1.881-3(a)(4) of the regulations are satisfied.

The data will be used by the Internal Revenue Service and taxpayers to verify that the proper amount of tax is reported and withheld.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Because there are no reporting requirements, only recordkeeping, associated with TD 8611, electronic filing is not possible.

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 are no small entities affected by this collection.

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

Less frequent collection would disallow IRS to ability to verify the rules required by section §1.881-4, that records were maintained by a financed entity concerning financing arrangements to which the objective standards for recharacterization in §1.881-3(a)(4) of the regulations are satisfied. This would affect both the taxpayer and the government in insuring 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 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 May 13, 2025 (90 FR 20349), the agency received no comments during the comment period for this collection..

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 USC 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

There is no sensitive personally identifiable information (PII) in this collection.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

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In addition, if applicable, each party to the financing arrangement must comply with the recordkeeping requirements of §1.6038A-3 with respect to records that are relevant to the determination under §1.881-3 of the regulations.

The agency estimates that 1,000 taxpayers will be subject to this requirement and that it will take 10 hours to prepare the necessary documentation. The total recordkeeping burden is estimated at 10,000 hours.

The estimated recordkeeping burden estimates are:

13.	ESTIMATED TOTAL ASTORIA (IRC)	ANNUAL COST BURDEN TO RESPONDENTS	ANNUAL COST BURDEN TO RESPONDENTS	ANNUAL COST BURDEN TO RESPONDENTS	ANNUAL COST BURDEN TO RESPONDENTS	ANNUAL COST BURDEN TO RESPONDENTS
		# Respondents	# Responses Respondent	Annual Responses	Time Per Response	Total Burden
	1.6038A-3 1.881-4	TD 8611	1,000	1	1,000	10 hrs.
	Totals		1,000	1	1,000	10 hrs.

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, outside of regular agency activities such as taxpayer assistance.

15. REASONS FOR CHANGE IN BURDEN

There are no changes to the regulation that would affect burden at this time.

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 agency believes that displaying the OMB expiration date is inappropriate because it

would cause confusion by leading taxpayers to believe that the collection sunsets as of the expiration date. Taxpayers may not 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 for this collection.