

SUPPORTING STATEMENT

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 1377(c) of subchapter S of chapter 1 of the Internal Revenue Code provides that any election made under subchapter S shall be made in such manner as the Secretary shall prescribe by regulations. In addition, section 1361(d)(2)(B)(iii) of the Code and section 6(c)(3)(B)(iii) of the Subchapter S Revision Act of 1982 provide similar authority. The regulations implement the specific statutory authority given IRS by Congress by providing the procedures and the statements to be filed for making certain elections under subchapter S.

2. USE OF DATA

Statements required to be filed would be used by IRS to establish the validity of various elections and to verify that taxpayers are complying with the requirements imposed by Congress under subchapter S.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We have no plans to offer electronic filing. IRS publication, regulations, notices and letters are to be electronically enabled on an as practicable basis in accordance with the IRS Reform and Restructuring Act of 1998.

4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible.

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

Not applicable.

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

Not applicable.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

Not applicable.

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

PS-259-82 (temporary) was published in the Federal Register on January 26, 1983 (48 FR 3590).

PS-1-83 (NPRM) was published in the Federal Register on January 26, 1983 (48 FR 3637).

PS-262-82 (NPRM) was published in the Federal Register on October 7, 1986 (51 FR 35659). A final regulation was published in the Federal Register on July 21, 1995 (60 FR 37578) adopting the provisions of PS-259-82, PS-1-83, and PS-262-82.

We received no comments during the comment period in response to the Federal Register notice dated December 18, 2007 (72 FR 71740).

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

Not applicable.

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 applicable.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Section 1.1361-1 describes a number of different statements and elections that may be filed during any given year. We estimate that there will be 1,005 filers per year each of whom will file an average of 2 statements. Thus, a total of 2,010 statements will be filed per year. It is estimated that it will take an average of .5 hours to gather the information and complete each statement. Therefore, the total burden is 1,005 hours. This estimate was prepared after consultations with persons knowledgeable in subchapter S of the Internal Revenue Code.

Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice dated December 18, 2007 (72 FR 71740), requested public comments on estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. However, we did not receive any response from taxpayers on this subject. As a result, estimates of the cost burdens are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Not applicable.

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

Not applicable.

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 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.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT ON OMB FORM 83-I

Not applicable.

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.