

## SUPPORTING STATEMENT

### 1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 83(a) of the Internal Revenue Code generally provides that if, in connection with the performance of services, property is transferred to any person other than the person for whom such services are performed, then, the excess of the fair market value of the property as of the first day that the transferee's rights in the property are transferable or not subject to a substantial risk of forfeiture, whichever occurs earlier, over the amount paid for the property is included in the service provider's gross income.

Under § 83(b), the service provider may elect to include as compensation for services at the time of transfer, the excess of the fair market value of the property over the amount paid for the property. If this election is made, the substantial vesting rules of § 83(a) do not apply to the property, and, generally any subsequent appreciation in the value of the property is not taxable as compensation to the service provider.

Section 83(b)(2) provides that an election under § 83(b) may not be revoked without the consent of the Commissioner. Section 1.83-2(f) of the Income Tax Regulations provides that consent to revoke the election will only be granted where the transferee is under a mistake of fact as to the underlying transaction and the request is made within 60 days of the discovery of the mistake of fact. In order for the Internal Revenue Service to determine whether consent to revoke the election should be granted, it is necessary for the applicant to submit a request for a private letter ruling. This revenue procedure addresses the information needed by the Service to determine whether revocation is appropriate.

### 2. USE OF DATA

The information will be used by the Service to determine whether permission to revoke the election should be granted.

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

IRS Publications, 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 THE 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

Revenue Procedure 2006-31 was published in the Internal Revenue Bulletin (2006-27 I.R.B. 32), on July 3, 2006.

In response to the Federal Register notice (77 FR 61474), dated October 9, 2012, we received no comments during the comment period regarding Rev. Proc. 2006-31.

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

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Submissions under this revenue procedure notice are considered tax returns and tax return information, which are confidential as required by 26 U.S.C. § 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Section 4 of the revenue procedure requires the applicant to submit a private letter ruling request in accordance with Rev. Proc. 2006-1 (or its successor).

The total estimated average annual burden varies from 1 hour to 5 hours with a total estimated average burden of 2 hours on 200 respondents for a total of 400 hours annually.

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 October 9, 2012, 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. This form is being submitted for renewal purposes only.

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 leading taxpayers to believe that the notice will sunset as of the expiration date. Taxpayers are not likely to be aware that the Service may 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 FOPM 83-I

Not applicable.

Note: The following paragraph applies to all 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 the 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.