

**SUPPORTING STATEMENT
(2011-14)**

1. **CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Section 446(b) the Internal Revenue Code and §1.446-1(b) of the Income Tax Regulations states that, if a taxpayer's method of accounting does not clearly reflect income, the computation of taxable income shall be made under such method as, in the opinion of the Commissioner, does clearly reflect income. Section 446(e) and §1.446-1(e) require a taxpayer to obtain the consent of the Commissioner before the taxpayer changes its method of accounting.

In order to determine whether a taxpayer has properly adopted or changed to a permitted method of accounting, certain information about the taxpayer's use of the method is required. The revenue procedures request the information necessary to make that determination when the information is not otherwise available.

Four sufficiently related revenue procedures are included in this Paperwork Reduction Act submission. Although other items in this supporting statement and OMB Form 83-I aggregate the data for the four revenue procedures, they are described separately in item 12.

2. **USE OF DATA**

The information will be used to determine whether the taxpayer properly adopted or changed to a permitted method of accounting.

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 whenever possible.

5. **METHODS TO MINIMIZE BURDEN ON SMALL BUSINESS OR OTHER SMALL ENTITIES**

The user fee normally required to request consent to change a method of accounting currently is waived for these revenue procedures. We have also waived the filing of a Form 3115 where appropriate, and will accept a statement in its place. The §481(a) adjustment required for changes in method of accounting may be taken into account in the year of change, at the election of the taxpayer, if the adjustment is less than \$25,000.

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**

We originally received OMB approval for Rev. Proc. 97-36, Rev. Proc. 97-37, Rev. Proc. 97-38, and Rev. Proc. 97-39 on July 30, 1997, under control number 1545-1551. Rev. Proc. 97-37 was revised and reissued as Rev. Proc. 98-60, also under control number 1545-1551, on December 21, 1998. In turn, Rev. Proc. 98-60 was revised and reissued as Rev. Proc. 99-49, also under control number 1545-1551, on December 27, 1999, and Rev. Proc. 99-49 was revised and reissued as Rev. Proc. 2002-9. On August 5, 2008, Rev. Proc. 2002-9 was revised and reissued as Rev. Proc. 2008-52, also under control number 1545-1551. Now, Rev. Proc. 2008-52 is being clarified and modified by Rev. Proc. 2011-14.

In response to the Federal Register Notice dated April 23, 2013 (78 FR 23978), we received no comments during the

comment period regarding Rev. Proc. 97-36, 97-38, 97-39, 2002-9, 2008-52, and 20011-14.

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

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Submissions under these four revenue procedures are considered tax returns and tax return information, which are confidential as required by 26 U.S.C. §6103. In general, certain matters relating to taxability and deductibility are disclosable under 26 U.S.C. §6110.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The estimated burden for this collection

Existing burden for Rev. Proc. 2008-52, as amplified, clarified, and modified by Rev. Proc. 2009-39, and modified by Announcement 2009-67:

	<u>Respondents</u>	<u>Hours</u>
RP. 2011-14	14,130	15,359.34

13. ESTIMATED TOTAL ANNUALIZED COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register** notice dated April 23, 2013 (78 FR 23978), 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 revenue procedures sunset as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of the OMB number 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.

OMB EXPIRATION DATE

We believe the public interest will be better served by not printing an expiration date on the form(s) in this package.

Printing the expiration date on the form will result in increased costs because of the need to replace inventories that become obsolete by passage of the expiration date each time OMB approval is renewed. Without printing the expiration date, supplies of the form could continue to be used.

The time period during which the current edition of the form(s) in this package will continue to be usable cannot be predicted. It could easily span several cycles of review and OMB clearance renewal. In addition, usage fluctuates unpredictably. This makes it necessary to maintain a substantial inventory of forms in the supply line at all times. This includes supplies owned by both the Government and the public. Reprinting of the form cannot be reliably scheduled to coincide with an OMB approval expiration date. This form may be privately printed by users at their own expense. Some businesses print complex and expensive marginally punched continuous versions, their expense, for use in their computers. The form may be printed by commercial printers and stocked for sale. In such cases, printing the expiration date on the form could result in extra costs to the users.

Not printing the expiration date on the form(s) will also avoid confusion among taxpayers who may have identical forms with different expiration dates in their possession.

For the above reasons we request authorization to omit printing the expiration date on the form(s) in this package.