

**SUPPORTING STATEMENT**  
**Internal Revenue Code Section 108(i) Election**  
**#1545-2147**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 108(i)(5)(B) of the Internal Revenue Code (section 1231 of ARRA) allows a taxpayer to elect to defer for up to 5 years the taxation of certain income arising from cancellations in 2009 or 2010 of certain debt instruments. The taxpayer must then include the deferred amount in income ratably over 5 years. Certain deductions also may be deferred. The election is voluntary, but the statute requires an electing taxpayer to attach a statement to the taxpayer's tax return that clearly identifies the debt instrument, the amount of income deferred, and other information the Secretary may prescribe.

2. USE OF DATA

The data collected will provide the Secretary with the information necessary to track the respondents' deferred income and deductions.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The electronic submission of the information is permitted.

4. EFFORTS TO IDENTIFY DUPLICATION

Not applicable.

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

Periodic meetings are held between IRS personnel and representatives of various professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding the collection requirements under this revenue procedure.

In response to the notice we published in the *Federal Register* (78 FR 27296), on May 9, 2013, we received no comments.

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

The burden estimate is as follows:

<u>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
50,000	6 hours	300,000

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 May 9, 2013, 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

The collection of information does not require a form. Therefore, the estimated annualized cost to the government is minimal or none.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the burden previously approved by OMB.

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 guidance sunsets as of the expiration date.

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.