

SUPPORTING STATEMENT  
REG-157711-02 (TD 9424 - final)  
OMB-1545-2096

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

This document contains final regulations under sections 358, 362(e)(2), and 1502 of the Internal Revenue Code (Code). The regulations apply to corporations filing consolidated returns, and corporations that enter into certain tax-free reorganizations. The regulations provide rules for determining the tax consequences of a member's transfer (including by deconsolidation and worthlessness) of loss shares of subsidiary stock. In addition, the regulations provide that section 362(e)(2) generally does not apply to transactions between members of a consolidated group. Finally, the regulations conform or clarify various provisions of the consolidated return regulations, including those relating to adjustments to subsidiary stock basis.

2. USE OF DATA

The election is necessary to obtain a benefit.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Electronic filing will be available by including the statement on or with the electronic return.

4. EFFORTS TO IDENTIFY DUPLICATION

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

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESS 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

On January 23, 2007, the IRS and Treasury Department issued a notice of proposed rulemaking (REG-157711-02, 2007-8 IRB 537, 72 FR 2964) (January 2007 proposal) that included proposed regulations under § 1.1502-36 (Unified Loss Rule). No public hearing regarding the proposed regulations was requested or held. Written, electronic, and oral comments responding to the notice of proposed rulemaking were received. After consideration of all the comments, final regulations (TD 9424), 73 FR 53934, published on September 17, 2008, generally adopt the rules of the proposed regulations other than

proposed § 1.1502–13(e)(4) and its related provisions.

We received no comments during the comment period in response to the **Federal Register** notice (78 FR 63568), dated October 24, 2013.

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

No personally identifiable information (PII) is collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The burden estimate for §1.1502-36 is as follows:

It is estimated that 100 taxpayers annually will seek the benefit provided by the election. It is estimated that the average reporting burden will be 15 minutes. The estimated frequency of responses is 1 time. Accordingly, the estimated annual reporting burden is 25 hours.

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 RESPONDENT

As suggested by OMB, our **Federal Register** notice dated October 24, 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 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 not appropriate because it could cause confusion by leading taxpayers to believe that the regulations sunset 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 83-1

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.