

Supporting Statement
Internal Revenue Service
Credibility of Foreign Taxes
OMB Control Number 1545-0746

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC) section 901 allows tax credits for the amount of any income, war profits, or excess profits taxes it has paid or accrued during the taxable year. The taxpayer must satisfy the criteria of IRC section 901 to claim the credit.

Treasury Decision (TD) 7918 added Treasury Regulations section 1.901-2A, providing rules for dual capacity taxpayers with respect to the tax credit. In general, such taxpayers have the burden of proof to establish what portion of a payment made pursuant to a foreign levy is treated as tax with regard to the credit allowed in IRC section 901.

Section 1.901-2A(e) provides the safe harbor formula to determine the distinct element of a qualifying levy that is a tax and the amount paid by a dual capacity taxpayer pursuant to such qualifying levy that is the qualifying amount with respect to such levy. Section 1.901-2A(d) requires a taxpayer wishing to use the safe harbor formula to attach a statement electing to use the safe harbor method to the income tax return for the taxable year for which the election is made. The election applies to all subsequent taxable years and cannot be revoked without the consent of the Commissioner.

2. USE OF DATA

The Internal Revenue Service (IRS) uses the information collected in the statement to determine which method the taxpayer is using to satisfy the burden of proof requirement and ensure the credit allowed in IRC section 901 is calculated correctly.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS has no plans to offer electronic filing as this is an election statement made by the taxpayer.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available for use or adaptation from another source.

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

The collection of information requirement will not have a significant economic impact on a substantial number of small entities.

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

The IRS will use the information to determine if the taxpayer correctly calculated the credit allowed by IRC section 901. If this information is collected less frequently it would compromise the ability of the IRS to enforce tax compliance. Tax compliance is a vital part of the government's ability to meet its mission and serve the public.

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

There are no special circumstances requiring data collection to be inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

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

We received no comments during the comment period in response to the Federal Register notice (91 FR 1034), dated January 9, 2026.

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

No payment or gift has been provided to any respondents.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 U.S.C. 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

There is no sensitive personally identifiable information (PII) in this collection.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

IRC section 901 allows a tax credit for the amount of any income, war profits, or excess profits taxes it has paid or accrued during the taxable year. Section 1.901-2A(d) requires a taxpayer wishing to use the safe harbor formula to attach a statement to the income tax return for the taxable year for which the election is made or submit a statement to the

Commissioner requesting revocation of the election. The IRS estimates that there will be 120 respondents annually, with an estimated response time of 21 minutes per respondent.

The burden estimate is as follows:

Authority	Description	# of Respondents	# of Responses per Respondent	Annual Responses	Hours per Response	Total Burden Hours
IRC § 901	TD 7918	120	1	120	21 mins.	41
Totals		120		120		41

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0746 to these regulations.

1.901-2

1.901-2A

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The IRS currently estimates the cost burden on respondents to be nominal. There are no start-up or maintenance costs for this collection. The collection does not require respondents to obtain specialized equipment or professional services.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

There are no annualized costs to the Federal government outside of regular agency activities such as taxpayer assistance and enforcement.

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

There are no plans for tabulation, statistical analysis and publication.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

The IRS believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the collection expires as of the expiration date. Taxpayers are not likely to be aware that the IRS intends to request renewal of OMB approval and obtain a new expiration date before the old one expires.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions to the certification statement for this collection.