



DEPARTMENT OF THE TREASURY

Internal Revenue Service

Agency Information Collection Activities; Special Rules for Long-Term Contracts

Under Section 460.

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of information collection; request for comments.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, the IRS is inviting comments on the information collection request outlined in this notice.

DATES: Written comments should be received on or before **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]** to be assured of consideration.

ADDRESSES: Direct all written comments to Andres Garcia, Internal Revenue Service, Room 6526, 1111 Constitution Avenue NW, Washington, DC 20224, or by email to pra.comments@irs.gov. Include “OMB Control No. 1545-1732” in the subject line of the message.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of this collection should be directed to Jason Schoonmaker, (801) 620-6008.

SUPPLEMENTARY INFORMATION: The IRS, in accordance with the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3506(c)(2)(A)), provides the general public and Federal agencies with an opportunity to comment on proposed, revised, and continuing collections of information. This helps the IRS assess the impact and minimize the burden of its information collection requirements. Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record, and viewable on relevant websites. For this reason, please do not include in your comments information of a confidential nature, such as

sensitive personal information. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Title: Special Rules for Long-Term Contracts Under Section 460.

OMB Control Number: 1545-1732.

Regulation Project Number: 8775, 8929, 8995, and 9137.

Abstract: IRC section 460 generally provides rules that requires taxpayers to determine taxable income from a long-term contract using the percentage-of-completion (PCM) method and pay, or be entitled to receive, interest computed using the look-back method. TD 8775 added Treasury Regulations section 1.460-6(j), providing taxpayers with the requirements to make an election not to apply the look-back method to long-term contracts in de minimis cases.

TD 8929 added Treasury Regulations section 1.460-1(e)(4), requiring taxpayers to attach a statement with specific information to their income tax return if they sever an agreement or aggregate two or more agreements during the taxable year.

TD 8995, as amended by TD 9137, added Treasury Regulations section 1.460-6(g)(3)(ii)(D) providing rules concerning a mid-contract change in taxpayer of a contract accounted for under a long-term contract method of accounting. The regulation requires the previous taxpayer to provide specific information to the new taxpayer to help the new

taxpayer apply the look-back method when the income from a long-term contract has been previously reported by another taxpayer.

Current Actions: There is a change to the existing collection. The estimated burden for trusts and estates filing Form 8697 has been removed from this control number, as it is approved under OMB control number 1545-0092.

Type of Review: Revision of a currently approved collection.

Affected Public: Individuals and households, and business or other for-profit organizations.

Estimated Number of Responses: 75,000.

Estimated Time Per Response: 21 minutes.

Estimated Total Annual Burden Hours: 26,500.

Dated: January 23, 2026.

Jason M. Schoonmaker,

Tax Analyst.

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