

March 11, 2025

Via Electronic Mail: pra.comments@irs.gov

Andres Garcia
Internal Revenue Service
Room 6526
1111 Constitution Avenue NW
Washington, DC 20224

Re: Proposed Extension of Information Collection Request Submitted for Public Comment; Comment Request on Burden Related to U.S. Income Tax Return Forms for Individual Taxpayers; OMB Number: 1545-0074—Public Comment Request Notice

Dear Andres Garcia:

MFA¹ appreciates the opportunity to comment on the Internal Revenue Service's continuing effort to reduce paperwork and respondent burden, specifically with respect to Form 15620, *Section 83(b) Election*.² MFA members may make Section 83(b) elections to include in gross income the fair market value of nonvested property—commonly, in the alternative asset management industry, the grant of compensatory profits interests—in excess of the amount (if any) paid for such property.³

We commend the Internal Revenue Service for developing this new optional form to make a Section 83(b) election. Previously, taxpayers may have relied or iterated upon the sample election statement in Revenue Procedure 2012-29.⁴

As invited, we write to comment on ways to:

¹ Managed Funds Association (MFA), based in Washington, D.C., New York City, Brussels, and London, represents the global alternative asset management industry. MFA's mission is to advance the ability of alternative asset managers to raise capital, invest it, and generate returns for their beneficiaries. MFA advocates on behalf of its membership and convenes stakeholders to address global regulatory, operational, and business issues. MFA has more than 180 fund manager members, including traditional hedge funds, private credit funds, and hybrid funds, that employ a diverse set of investment strategies. Member firms help pension plans, university endowments, charitable foundations, and other institutional investors diversify their investments, manage risk, and generate attractive returns throughout the economic cycle.

² Proposed Extension of Information Collection Request Submitted for Public Comment; Comment Request on Burden Related to U.S. Income Tax Return Forms for Individual Taxpayers, 89 Fed. Reg. 72,699 (Sep. 5, 2024).

³ Unless otherwise indicated, all "section" references are to the Internal Revenue Code of 1986, as amended, or the Treasury Regulations promulgated thereunder.

⁴ Treas. Reg. § 1.83-2(e); Rev. Proc. 2012-29, 2012-28 I.R.B.49.

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- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility.
- Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used.
- Enhance the quality, utility, and clarity of the information to be collected.
- Minimize the burden of the collection of information on those who are to respond, including using appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.*, by permitting electronic submissions of responses.

We also believe the above goals of improving information collection burdens are thematically consistent with the thrust of recent Executive Orders which recognize that “certain [regulatory and administrative] measures are often difficult for the average person or business to understand..., further increasing compliance costs and the risk of costs of non-compliance.”⁵ Accordingly, we recommend the following information collection burden improvements:

Permit the electronic filing of Form 15620. Currently, Form 15620 must be filed no later than 30 days after the property was transferred to the Internal Revenue Service via mail to the Internal Revenue Service office where the person who performed the services files his or her federal income tax return. Electronic filing is uniformly recognized as minimizing the burden of the collection of information on those who are to respond.

Retain the “Saturday, Sunday or legal holiday” instructions. We welcome the instruction that, in accordance with Section 7503, if the thirtieth day following the transfer of the property falls on a Saturday, Sunday or legal holiday, the election will be considered timely if it is postmarked by the next succeeding day which is not a Saturday, Sunday or legal holiday. This time-for-performance instruction is consistent with fundamental federal income tax principles.

Remove novel Form 15620 requirements not found in the regulations promulgated under Section 83.

As a general matter, the sample election statement in Revenue Procedure 2012-29 and the “content of statement” regulations promulgated under Section 83 contemplate the transfer of substantially nonvested *stock* in connection with the performance of services and make no mention of modifications to the content of such a statement in the context of compensatory partnership interests. Revenue Procedures 93-27 and 2001-43 address the federal income tax treatment of compensatory partnership interests, but neither address the content of a statement making a Section 83(b) election in respect of the same.⁶

⁵ Exec. Order. No. 14,192, 90 Fed. Reg. 9065 (Feb. 6, 2025) (“Unleashing Prosperity Through Deregulation”).

⁶ Rev. Proc. 93-27, 1993-2 C.B. 343, *as clarified by* Rev. Proc. 2001-43, 2001-2 C.B. 191.

Accordingly, we recommend that the Internal Revenue Service remove Form 15620 requirements inappropriate for the grant of compensatory partnership interests and, in any event, remove novel Form 15620 requirements not found in the regulations promulgated under Section 83. Among such requirements is the mandate to report Quantity, Value per item, and Price paid per item on the following lines:

Line 2. The property which is the subject of the election is (describe property and quantity below). The regulations promulgated under Section 83 merely require “[a] description of each property with respect to which the election is made...”⁷

Line 6. The total fair market value of the property at the time of transfer is, a. Value per item, b. Quantity. The regulations promulgated under Section 83 merely require “[t]he fair market value at the time of transfer...of each property with respect to which the election is being made...”⁸

Line 7. For the property transferred, the taxpayer paid a total of, a. Price paid per item, v. Quantity. The regulations promulgated under Section 83 merely require “[t]he amount (if any) paid for such property...”⁹

Line 8. The amount to include in gross income for the taxable year is (the result of the amount reported in Box 6(c) minus the amount reported in Box 7(c)). The regulations promulgated under Section 83 do not require the Line 8 calculation which is traditionally computed by the Internal Revenue Service.

Similarly, there are novel Form 15620 requirements found in neither the sample election statement in Revenue Procedure 2012-29 nor the regulations promulgated under Section 83 which place undue burdens on and dissuade Form 15620’s use among taxpayers.

Line 9. Name, TIN, and address of the person for whom the taxpayer is providing services in connection with the transfer of property. The regulations promulgated under Section 83 merely require “[t]he person who performed the services...[to] submit a copy of the statement...to the person for whom the services are performed”¹⁰ and provide to the Internal Revenue Service “a statement to the effect that copies have been furnished to [the same]...”¹¹ Neither the sample election statement in Revenue Procedure 2012-29 nor the regulations promulgated under Section 83 require reporting of the TIN or address of the person for whom the services are performed.

⁷ Treas. Reg. § 1.83-2(e)(2).

⁸ Treas. Reg. § 1.83-2(e)(5).

⁹ Treas. Reg. § 1.83-2(e)(6).

¹⁰ Treas. Reg. § 1.83-2(d).

¹¹ Treas. Reg. § 1.83-2(e)(7).

Accordingly, we recommend that the Internal Revenue Service remove this TIN and address reporting requirement.

Jurat. Form 15620 purports to subject the signatory-taxpayer, in declaring that, to the best of the signatory-taxpayer's knowledge and belief, the information entered on Form 15620 is true, correct, complete, and made in good faith, to the penalty of perjury. At the same time, neither the sample election statement in Revenue Procedure 2012-29 nor the regulations promulgated under Section 83 require a penalty-of-perjury statement. We are concerned that the novel and uncertain legal peril of a penalty-of-perjury statement, where such legal peril is not well understood in connection with a Section 83(b) election, may dissuade Form 15620's use among taxpayers. Accordingly, we recommend that the Internal Revenue Service remove the penalty-of-perjury statement.

Retain the option to rely or iterate upon the sample election statement in Revenue Procedure 2012-29. Both Revenue Procedure 2012-29 and Treasury Regulation section 1.83-2(e) recognize that "[a]n election under [Section] 83(b) must contain all the information required by [Treasury Regulation section] 1.83-2(e), but need not use the exact format or language of the sample election..." Both Revenue Procedure 2012-29 and Treasury Regulation section 1.83-2(e), together with Form 15620, often provide the option of narrative descriptions to account for the wide variety of circumstances in which a Section 83(b) election may be made. Moreover, as described above, neither Form 15620 (currently), the sample election statement in Revenue Procedure 2012-29, nor the regulations promulgated under Section 83 contemplate the grant of compensatory partnership interests. Accordingly, we recommend that the Internal Revenue Service retain the option to rely or iterate upon the sample election statement in Revenue Procedure 2012-29, in addition to Form 15620, to provide the necessary flexibility to taxpayers receiving nontypical grants of nonvested property.

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We appreciate the opportunity to submit our comments on the Internal Revenue Service's continuing effort to reduce paperwork and respondent burden. If the Internal Revenue Service has any questions or comments, please do not hesitate to call Joseph Schwartz, Vice President and Senior Counsel, at jschwartz@mfaalts.org.

Respectfully submitted,

/s/ Jennifer W. Han

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