

SUPPORTING STATEMENT
Publication 1345

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 1.6012-5 of the Income Tax Regulations provides that the Commissioner may authorize the use, at the option of a person required to make a return, of a composite return in lieu of any form specified in 26 CFR Part 1 (Income Tax), subject to the conditions, limitations, and special rules governing the preparation, execution, filing, and correction thereof as the Commissioner may deem appropriate. Pursuant to this regulation, the Commissioner has authorized taxpayers to electronically file Form 1040 and Form 1040A, U.S. Individual Income Tax Return, and Form 1040EZ, Income Tax Return for Single and Joint Filers With No Dependents, through the electronic filing of tax returns. This publication informs those who participate in IRS *e-file* for Individual Income Tax Returns of their obligations to the Internal Revenue Service, taxpayers, and other participants.

2. USE OF DATA

Taxpayers will use certain information to aid them in the electronically filing their individual income tax returns. Other information will be used by the Internal Revenue Service (IRS) to ensure that taxpayers receive accurate information regarding the filing of their returns through IRS *e-file* and to identify the persons involved in the filing of electronic returns through IRS *e-file*.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS publication, regulations, notices and letters are to be electronically enabled on an as practicable basis in accordance with the IRS Reform and Restructuring Act of 1998.

4. EFFORTS TO IDENTIFY DUPLICATION

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

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

Publication 1345 includes information that was previously contained in Revenue Procedure 98-51, which was published in the Internal Revenue Bulletin on September 21, 1998 (Revenue Procedure 98-51, 1998-38 I.R.B. 20) and Revenue Procedure 98-50, which was published in the Internal Revenue Bulletin on September 21, 1998 (Revenue Procedure 98-50, 1998-38 I.R.B. 8). Revenue Procedure 98-50 was approved by OMB under 1545-1512 and Revenue Procedure 98-51 was approved by OMB under 1545-1513. Revenue Procedures 98-50 and 98-51 have been superseded by Revenue Procedure 2000-31, which was published in the Internal Revenue Bulletin on July 31, 2000 (Revenue Procedure 2000-31, 2000-31 I.R.B. 146) but the collections of information have been modified and are now contained in Publication 1345.

In response to the Federal Register Notice dated January 29, 2007 (72 F.R. 4062), we received no comments during the comment period regarding Publication 1345.

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

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and return information are confidential as required by 26 USC 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

1. Chapter 2 of the publication requires an Authorized IRS *e-file* Provider to notify the IRS within 30 days of discontinuing its participation in the IRS *e-file* Program. We estimate that approximately 3,250 Authorized IRS *e-file* Providers will need to make this notification and that it will take approximately 4 minutes to complete this notification. The total time estimate for Authorized IRS *e-file* Providers to meet this reporting requirement is 217 hours.
2. Chapter 3 of the publication requires an Electronic Return Originator to notify the taxpayer when the transmission of the electronic portion of the taxpayer's return is rejected by the IRS. We estimate that approximately 5,000,000 transmissions will be rejected and that it will take approximately 13.2 minutes for an Electronic Return Originator to complete this notification. The total time estimate for Electronic Originators to meet this reporting requirement is 1,100,000 hours.
3. Chapter 3 of the publication requires an Electronic Return Originator to advise the taxpayer of certain information regarding the filing of the taxpayer's electronic return. It is estimated that approximately 40,000,000 electronic returns will be filed and that it will take approximately 2.5 minutes for an Electronic Return Originator to provide this information. The total time estimate for Electronic Return Originators to meet this reporting requirement is 1,666,667 hours.
4. Chapter 3 of the publication requires an Electronic Return Originator, if requested, to provide the taxpayer with the Declaration Control Number and the date the electronic portion of the taxpayer's return was accepted by the IRS. We estimate that approximately 4,000,000 taxpayers will make this request and that it will take approximately 6 minutes for an Electronic Return Originator to comply with this request. The total time estimate for Electronic Return Originators to meet this reporting requirement is 400,000 hours.

5. Chapter 3 of the publication requires an Electronic Return Originator to retain and make available to the Service, upon request Signature Authorization documents for a period of 3 years. We estimate that approximately 120,000 Electronic Return Originators will retain these documents and that it will take approximately 30 minutes for each Electronic Return Originator to comply with this requirement. The total time estimate for Electronic Return Originators to meet this recordkeeping requirement is 60,000 hours.
6. Chapter 4 of the publication requires a Transmitter to provide a taxpayer with certain information regarding filing the taxpayer's return via OnLine Filing. It is estimated that approximately 15,000,000 returns will be filed through the OnLine Filing Program and that it will take approximately 1 minute for a Transmitter to provide this information to a taxpayer. The total time estimate for Transmitters to meet this reporting requirement is 250,000 hours.
7. Chapter 4 of the publication requires a Transmitter to provide a taxpayer with certain information if the transmission of the electronic portion of a taxpayer's return is rejected by the IRS. It is estimated that approximately 3,000,000 transmissions will be rejected by the IRS and that it will take approximately 3 minutes for a Transmitter to provide this information to a taxpayer. The total time estimate for Transmitters to meet this reporting requirement is 150,000 hours.
8. Chapter 4 of the publication requires Transmitters to retain electronic postmark records and make the records available to the Service upon request until the end of the calendar year. We estimate that approximately 20 Transmitters will retain electronic postmark records and that it will take 80 hours for each Transmitter to meet this requirement. The total time estimate for Transmitters is 1,600 hours.
9. Chapter 5 of the publication requires Authorized IRS *e-file* Providers participating in OnLine Filing in the most recent IRS *e-file* Program for Individual Income Tax Returns to provide the IRS with any changes to the information described in Chapter 5. It is anticipated that there will be a total of 25 respondents for the information requested. It is estimated that it will take each respondent 30 minutes to comply with these reporting requirements. The total time estimate for respondents to

comply with this reporting requirement is 13 hours.

10. Chapter 5 of the publication requires a Software Developer to provide a copy of the software it has developed to the Service upon request. It is anticipated that there will be a total of 40 respondents for the information requested. It is estimated that it will take each respondent 30 minutes to comply with these reporting requirements. The total time estimate for respondents to comply with this reporting requirement is 20 hours.
11. Chapter 5 of the publication requires an Intermediate Service Provider, if requested, to provide the IRS with a list of each client Electronic Return Originator. We estimate that there will be 100 such requests and that it will take an Intermediate Service Provider 24 minutes to comply with the request. The total time estimate for Intermediate Service Providers to meet this reporting requirement is 40 hours.
12. Chapter 6 of the publication requires an Authorized IRS *e-file* Provider that uses radio, television, Internet, signage, or other methods of communication to advertise IRS *e-file*, to retain a copy and provide to the Service upon request the text of the advertisement until the end of the calendar year following the last transmission or use. We estimate that approximately 4,655 Authorized IRS *e-file* Providers will use radio, television Internet, signage, or other methods of communication to advertise IRS *e-file*, and that it will take approximately 6 minutes for an Authorized IRS *e-file* Provider to comply with this requirement. The total time estimate for Authorized IRS *e-file* Providers to meet this recordkeeping requirement is 466 hours.
13. Chapter 6 of the publication requires an Authorized IRS *e-file* Provider that uses direct mail, e-mail, fax communications or other distribution methods to advertise IRS *e-file*, to retain a copy, and provide to the Service upon request, the advertisement as well as a list or other description of the firms, organizations, or individuals to whom the communication was mailed, faxed, or otherwise distributed until the end of the calendar year following the date of the last mailing, fax, or distribution. We estimate that approximately 55,800 Authorized IRS *e-file* Providers will use direct mail or fax transmissions to advertise and that it will take approximately 8 minutes for an Authorized IRS *e-file* Provider to comply with this requirement. The total time estimate for Authorized IRS *e-file* Providers to

meet this recordkeeping requirement is 7,440 hours.

The estimated number of respondents and recordkeepers is 145,000. The estimated total annual reporting and recordkeeping burden for all of the above requirements is 3,636,463 hours.

Estimates of the annualized cost to respondents and recordkeepers 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 January 29, 2007, 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 COSTS TO THE FEDERAL GOVERNMENT

Not applicable.

15. There is no change in the paperwork burden previously approved by OMB. We are making this
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 inappropriate because it could cause confusion by leading taxpayers to believe that the publication sunsets 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-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.

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