

SUPPORTING STATEMENT
Revenue Procedure 2001-9

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 31.6011(a)-7 of the Regulations on Procedure and Administration provides that each return, together with any prescribed copies or supporting data, must be filled in and disposed of in accordance with the forms, instructions, and regulations applicable thereto.

Section 301.6061-1(b) of the Regulations on Procedure and Administration provides that the Secretary may prescribe in forms, instructions, or other appropriate guidance the method for signing any return, statement, or other document required to be made under any provision of the internal revenue laws or regulations.

Pursuant to these regulations, the Service has authorized the Form 940 *e-file* Program, which allows a taxpayer to electronically file a Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, using a personal computer, modem, and commercial tax preparation software.

Revenue Procedure 2001- 9 provides the requirements of the Form 940 *e-file* Program.

2. USE OF DATA

The information will be used to ensure that taxpayers (i.e., Reporting Agents, Transmitters, Software Developers and On-Line Filers) receive accurate information regarding the filing of the electronic returns, keep secure the electronic signature, and identify persons involved in the filing of electronic returns and software development.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS Publications, 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

Revenue Procedure 2001-9 was published in the **Internal Revenue Bulletin** on January 16, 2001 (2001-3 IRB 328).

We received no comments during the comment period in response to the **Federal Register** notice dated March 1, 2007 (72 FR 9409).

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

Sections 5.01, 5.03, 5.04, 6.01, 6.02, and 6.03 of the revenue procedure require a prospective Electronic Filer to prepare an application to the Form 940 *e-file* Program (including the letter of application, preparing the Reporting Agent's List, gathering Reporting Agent Authorizations, etc.). We estimate that approximately 185 prospective Electronic Filers will submit an application and that it will take approximately 5 hours to prepare this application. The total time estimate for potential Electronic Filers to meet this reporting requirement is 925 hours.

Sections 5.02 and 6.01 of the revenue procedure require a prospective On-Line Filer to prepare an application to the Form 940 *e-file* Program. We estimate that approximately 390,500 taxpayers will submit an application and that it will take approximately $\frac{1}{4}$ hour to prepare this application. The total time estimate for potential On-Line Filers to meet this reporting requirement is 97,625 hours.

Sections 6.06 and 6.08 of the revenue procedure require an Electronic Filer to acknowledge the receipt of the userid/password and/or PIN. We estimate that approximately 185 Electronic Filers will acknowledge the receipt and that it will take approximately $\frac{1}{4}$ hour to acknowledge the receipt. The total time estimate for Electronic Filers to meet this reporting requirement is 46 hours.

Sections 6.07 and 6.08 of the revenue procedure require an On-Line Filer to acknowledge the receipt of the PIN. We estimate that approximately 390,500 On-Line Filers will acknowledge the receipt and that it will take approximately $\frac{1}{4}$ hour to acknowledge the receipt. The total time estimate for Electronic Filers to meet this reporting requirement is 97,625 hours.

Section 6.10 requires Reporting Agents to add and delete taxpayers' names from the Agent's List. We estimate that 185 Electronic Filers that are Agents will prepare an Add and/or Delete List and that it will take approximately 1.5 hours each year to prepare that List. The total annual time estimate for Electronic Filers that are Agents to meet this reporting requirement is 278 hours.

Section 7.04 of the revenue procedure requires an Electronic Filer that is an Agent to prepare a written explanation that must accompany paper returns filed after the due date. We estimate that approximately 2 Electronic Filers that are Agents will prepare a written

explanation and that it will take approximately $\frac{1}{4}$ hour to prepare the explanation. The total annual time estimate for Electronic Filers that are Agents to meet this reporting requirement is 1 hour.

Section 7.05 of the revenue procedure requires an Electronic Filer that is a Transmitter to take reasonable steps to inform the On-Line Filer that the return has not been filed when a transmission error cannot be corrected. The Transmitter must provide the On-Line Filer with the reject code(s), an explanation of the reject code(s), and the sequence number of each reject code(s). We estimate that approximately less than 1% of the potential 390,500 returns will cause an uncorrectable transmission error. It will take approximately $\frac{1}{4}$ hour to prepare the explanation. The total annual time estimate for to meet this reporting requirement is 976 hours.

Section 7.06 of the revenue procedure requires an On-Line Filer to prepare a written explanation that must accompany paper returns filed after the due date. We estimate that approximately 3,905 On-Line Filers will prepare a written explanation and that it will take approximately $\frac{1}{4}$ hour to prepare the explanation. The total annual time estimate for On-Line Filers to meet this reporting requirement is 976 hours.

Section 8.02(3) of the revenue procedure requires an Electronic Filer or On-Line Filer to notify the Service of the name and title of a new authorized signatory. We estimate that approximately 35 Electronic Filers and 10,000 On-Line Filers will make this notification and that it will take approximately $\frac{1}{4}$ hour. The total annual time estimate for Electronic Filers and On-Line Filers to meet this reporting requirement is 6,690 hours.

Section 8.05 requires an Electronic Filer that is an Agent to prepare for and maintain the storage of records for the four-year recordkeeping requirement. We estimate that approximately 185 Electronic Filers that are Agents will maintain the storage of records each year and that it will take approximately 4 hours each year to prepare and maintain the storage of the records. The total annual time estimate for Electronic Filers that are Agents to meet this recordkeeping requirement is 740 hours.

Section 8.06 requires an Agent or Transmitter to provide the taxpayer with a copy of the electronically-filed Form 940, advise the taxpayer to retain a copy of the return and any supporting material, and, if requested, inform the taxpayer of the transmission date of the return

and the date the Service acknowledges the return. We estimate that approximately 185 Electronic Filers that are Agents will provide, advise, and inform their clients with the above information and that it will take approximately 2 hours to do so each year. The total annual time estimate for Electronic Filers that are Agents to meet this recordkeeping requirement is 370 hours.

Section 10.01 of the revenue procedure requires an Electronic Filer to submit test files prior to filing under new specifications. We estimate that approximately 210 Electronic Filers will submit test files and that it will take approximately 4 hours. The total time estimate for Electronic Filers to meet this reporting requirement is 840 hours.

Section 11.01 of this revenue procedure requires an Electronic Filer to retain copies of advertisements and copies of direct mailings. We estimate that approximately 50 Electronic Filers will retain these copies and that it will take 1/6 hour. The total time estimate for Electronic Filers to meet this recordkeeping requirement is 33 hours.

The total burden for the above requirements is 207,125 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 RESPONDENTS

As suggested by OMB, our **Federal Register** notice dated March 1, 2007 (72 FR 9409), 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 THE 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 inappropriate because it could cause confusion by leading taxpayers to believe that the revenue procedure 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 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.