

## SUPPORTING STATEMENT

### 1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 6011(a) of the Internal Revenue Code provides that, when required by regulations prescribed by the Secretary, any person made liable for any tax imposed by the Code, or with respect to the collection thereof, shall make a return or statement according to the forms and regulations prescribed by the Secretary. Every person required to make a return or statement shall include therein the information required by such form or regulations. Existing regulations under section 6011 (regulations section 31.6011(a)-4(b)) require that every person required to deduct and withhold tax from nonpayroll payments must make a return for the calendar year in which such withholding occurred and for every calendar year thereafter, whether or not such withholding occurs, until a final return is filed in accordance with the regulations. Form 945, Annual Return of Withheld Federal Income Tax, is the form prescribed for making the return.

The regulation is intended to simplify the current reporting system by only requiring the filing of Form 945 for those calendar years in which withholding from nonpayroll payments occurs.

### 2. USE OF DATA

The information required under section 31.6011(a)-4 of the regulations is necessary for the Service to reconcile tax amounts withheld by persons required to do so with the amounts claimed as withholding credits by the income recipients. The regulation merely simplifies the filing requirement by removing the requirement for years in which there is no withholding.

If the information required under section 31.6011(a)-4 was not collected, the Secretary would be unable to verify that the withholding credits claimed by income recipients were for amounts actually withheld and deposited by the person required to do so.

### 3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The collection of information does not involve the use of

automated, electronic, or other technological collection techniques.

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

We have been unable to reduce the burden for small businesses.

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

A notice of proposed rulemaking (60 FR 53561) was published simultaneously with temporary regulations (60 FR 53509) in the **Federal Register** on October 16, 1995. The final regulations (61 FR 27007) were published in the **Federal Register** on May 30, 1996.

We received no comments during the comment period in response to the **Federal Register** (72 FR 15188), notice dated March 30, 2007.

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

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

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

11. JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Section 31.6011(a)-4 of the regulation requires that every person required to deduct and withhold income tax from nonpayroll payments shall make an annual return of such tax. The return shall be made on Form 945, Annual Return of Withheld Federal Income Tax, only for a calendar year in which the person is required to withhold Federal income tax from nonpayroll payments. The burden for this reporting requirement will be reflected in the burden of Form 945.

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 30, 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 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 regulation 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.