

**SUPPORTING STATEMENT**  
**(IA-33-92)**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Section 6050H was added to the Code to encourage compliance with the tax laws relating to the deductibility of mortgage interest, and authorizes the Secretary to require the reporting of certain information relating to payments of mortgage interest. In addition to the name and address of the taxpayer and the amount of interest received during the year, section 6050H(b)(2)(D) allows the Secretary to require other information on the reporting form. Any other information that the Secretary prescribes under this provision should be related to the payment of mortgage interest and be for the purpose of ensuring that the proper amount of mortgage interest has been deducted.

Many financial institutions and mortgage servicers have discovered that periodic interest charges on adjustable rate mortgages (ARMs) were incorrectly calculated. Borrowers that have overpaid interest because of the incorrect calculations typically receive a reimbursement equal to the amount of the overpayment, plus interest, from the financial institution or mortgage servicer. If the borrower deducted the interest overpayment in a prior tax year under section 163 of the Code, the reimbursement is income to the borrower in the year of reimbursement. Accordingly, a reporting requirement with respect to the reimbursement is necessary for purposes of taxpayer compliance and is consistent with the legislative intent behind section 6050H.

**2. USE OF DATA**

The information required to be reported by the regulations will be reported to the Service on Form 1098, Mortgage Interest Statement. The information will also be reported to the homeowner-mortgagor that receives a reimbursement of interest (the payor of record). The data will be used by the Service and the payor of record to determine if the payor of record is required to include the amount of the reimbursement in income in the year of reimbursement. A typical examination of a payor of record's tax return would not uncover the fact that the payor of record received a reimbursement of mortgage interest paid (and deducted) in a prior year. Accordingly, failure to impose reporting

requirements with respect to the reimbursement would result in a major area of non-compliance and a significant loss of revenue to the Treasury.

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

We have no plans to offer electronic filing. 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**

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 was published in the Federal Register on October 16, 1992 (57 FR 47428). A public hearing was held on November 30, 1992. The final regulations were published on December 29, 1993 (58 FR 68751).

In response to the **Federal Register Notice** dated **August 7, 2007 (72 FR 44223)**, we received no comments during the comment period regarding IA-33-92.

**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**

The collection of information is in section 1.6050H-2(a)(2) (iv) and section 1.6050H-2(b)(ii) of the regulations. Under those provisions, the reporting requirement is satisfied by including the additional information on a Form 1098 filed with the Service and on a copy of Form 1098 (or a substitute Form 1098) furnished to the payor of record. The burden for filing Form 1098 and the copy of Form 1098 (or substitute Form 1098) is already reflected in the burden estimates for Form 1098.

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 **August 7, 2007 (72 FR 44223)**, 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.