

**Supporting Statement**  
**(Form 1099-C)**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

IRC section 6050P, as added by section 13252 of the Revenue Reconciliation Act of 1993, requires Federal Government agencies, financial institutions, and credit unions that cancel or forgive a debt of \$600 or more to file a return. Form 1099-C is used for this purpose.

**2. USE OF DATA**

IRS uses Form 1099-C to verify compliance with the reporting rules and to verify that the debtor has included the proper amount of canceled debt in income on his or her income tax return.

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

We are currently offering electronic filing for Form 1099-C.

**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**

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding Form 1099-C.

In response to the Federal Register Notice (73 FR 34358), dated June 17, 2008, we received no comments during the comment period regarding Form 1099-C.

**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**

Form	Number of Responses	Time per Response	Total Hours
1099-C			605,519 .17
			102,939

Estimates of annualized cost to respondents for the hour burdens shown above are not available at this time.

The following regulation imposes no additional burden. Please continue to assign OMB number 1545-1424 to this regulation.

We have reviewed the regulation and have determined that the reporting requirements contained in it are entirely reflected on the form. The justification appearing in item 1 of the supporting statement applies both to this regulation and to the form.

**13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

As suggested by OMB, our Federal Register notice dated June 17, 2008, 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 responses from taxpayers on this subject. As a result, estimates of these cost burdens are not available at this time.

**14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT**

The primary cost to the government consists of the cost of printing this form. We estimate that the cost of printing the form is \$12,989.

**15. REASONS FOR CHANGE IN BURDEN**

As a result of new temporary and proposed regulations, the total burden estimate has decreased by 7,220 hours. These temporary regulations were introduced after our original 60-day notice was published.

The proposed amendments will reduce the number of entities that are required to file information returns under section 6050P to report cancellation of indebtedness. One of the events that trigger information reporting under section 6050P is the 36-month nonpayment testing period ("the 36-month rule"). The amendments will reduce filers by limiting application of the 36-month rule to banks and other financial entities as defined in the original 1993 definition of applicable financial entities. Under the

existing regulations, the 36-month rule also applies to any organization that lends money as a significant part of its trade or business.

This submission is being made for renewal purposes.

**16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION**

Not applicable.

**17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE**

See attachment.

**18. EXCEPTION 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.