

SUPPORTING STATEMENT

(Form 5498)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

IRC section 408(i) requires trustees or issuers of individual retirement arrangements to make such reports to the Internal Revenue Service regarding accounts, contracts, or annuities as is required by regulations. Regulations section 1.408-5 establishes the filing dates and the content of Form 5498 and the information required to be included in annual reports to participants. Section 408 (o) (4) (B) requires the taxpayer to use the fair market value of the account in certain computations.

2. USE OF DATA

The information is used by the Service to verify compliance with the reporting rules and to verify that the participant has made the contribution for which he or she is taking a deduction and that no excess contributions have been made. In addition, the fair market value is used to verify that the correct taxable part of an IRA distribution has been reported.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are currently offering electronic filing for Form 5498.

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 5498.

In response to our Federal Register Notice dated March 23, 2007 (72 F. R. 13864), we received no comments during the comment period regarding Form 5498.

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 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	Hours per Total Responses Response Hours
5498		114,900,000 .41

47,109,000

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

The following regulation imposes no additional burden. Please continue to assign OMB number 1545-0747 to this regulation.

1.408-5

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice dated March 23, 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 responses from taxpayers on this subject. As a result, estimates of these cost burdens are not available at this time.

14. ESTIMATED ANNUAL COST TO THE FEDERAL GOVERNMENT

After consultation with various functions within the Service, we have determined that the cost of developing, printing, processing, distribution and overhead for Form 5498 is \$966,959.

15. REASONS FOR CHANGE IN BURDEN

Form 5498 is used by trustees and issuers to report contributions to, and the fair market value of, an individual retirement arrangement (IRA)

Form 5498 and its instructions have been lengthened to accommodate statute changes to IRA contributions. The form now allows recipients of military death gratuities and Service members' Group Life Insurance (SGLI) payments to make rollover contributions to a Roth IRA (PL 110-245, sec 109), allows recipients of qualified settlement income received in connection with the Exxon Valdez litigation to make a rollover contribution to a traditional or Roth IRA (PL 110-343, Div C, sec 504), and allows certain payments made to qualified airline employees by commercial passenger airlines to be rolled over into a Roth IRA (PL 110-458, sec 125).

The addition of three new boxes (13-15) will increase the reporting requirements, under the current ADL methodology, by approximately 12 minutes per response. However, the addition of these boxes will simplify the reporting burden on taxpayers by providing separate specific areas to report the various amounts as required by law eliminating the

need by taxpayers to file multiple forms. While simplifying the reporting areas for taxpayers the results of these various changes will ultimately increase the total estimated burden, as calculated under the ADL methodology by 30,867,371 hours.

Under the ADL methodology, there is a 17,053,709 increase in burden attributable to changes in law. There is also an increase in burden of 13,813,662 hours attributable to updated filing estimates (increase of 33,691,859 estimated responses from 2008 filing figures).

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB 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 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 U.S.C. 6103.