

**SUPPORTING STATEMENT
(IRS Form 1099-DIV)**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

IRS section 6042 and Regulations section 1.6042-2 require the filing of an information return on a separate Form 1099 by any person paying dividends of \$10 or more in a calendar year. Corporations are required by Code section 6043 and the regulations issued under that section to make a return regarding its distributions in liquidation showing the amount of the liquidation distributions (or if in property, the fair market value).

2. USE OF DATA

IRS uses the form to verify compliance with the reporting rules and to verify that the recipient of the income has included the proper amount of income on his or her tax return.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

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

4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication with 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-DIV.

We received no comments during the comment period in response to the Federal Register notice dated June 5, 2008 (73 FR 32083).

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 burden estimate is as follows:

	<u>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
Form 1099-DIV	111,922,150	20.4 min.	38,053,531

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

The following regulations impose no additional burden:

1.6042-1	1.67-2T
1.6042-2	35A.9999-3, Q/A-89

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

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register Notice** dated **June 5, 2008** (73 FR 32083), 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

After consultation with various functions within the Service, we have determined that the cost of developing, printing, processing, distribution and overhead for Form 1099-DIV is \$343,854.

15. REASONS FOR CHANGE IN BURDEN

1. P.L. 111-5, section 1541, added new IRC section 853A, which allows RICs to make an election to distribute tax credit bond credits to shareholders. For the reporting of the tax credit bond credits, we added boxes 10a and 10b to the form. We also added under the Instructions for Recipients, text for boxes 10a and 10b.

2. Under IRC section 54A(h), REITS that hold qualified tax credit bonds distribute credits to shareholders. The change in estimated filing figures has resulted in a total burden increase of +3,357,664 hours.

We are making this submission 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. 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.