

**SUPPORTING STATEMENT
(Form 5884)**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 38(b)(2) of the Internal Revenue Code allows a credit against income tax to employers hiring individuals from certain targeted groups (such as general assistance recipients, etc.). The employer uses Form 5884 to figure the work opportunity credit.

2. USE OF DATA

The form provides the IRS with the information necessary to determine whether the credit was figured properly.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Form 5884 is available for electronic filing.

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 5884.

In response to the **Federal Register** notice (74 FR 39733), dated August 7, 2009, we received no comments during the comment period regarding Form 5884.

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

	<u>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
Form 5884	11,677	6.65	77,653

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

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0219 to these

regulations.

1.51-1

1.52-1 through 3

1.44B-1

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register** notice dated August 7, 2009, 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

The primary cost to the government consists of the cost of printing this form. We estimate that the cost of printing the form is \$805.

15. REASONS FOR CHANGE IN BURDEN

Changes to Form 5884 have been made to comply with legislative rulings.

1) Line 8 is rewritten based on IRC section 51 and the changes made to IRC 38 by section 8214 of PL 110-28 (text is added to clarify that it will be used to report the carryforward from 2007 of the New York Liberty Zone business employee credit). Previously, the carryforward and carryback information was on just line 8 but is now shown on two separate lines, 8 and 9, respectively.

2) Line 9 is new and accounts for carrybacks. All subsequent lines have been renumbered. There were 22 lines on the form for 2007, now there are 23.

3) Line 16a is rewritten as "Personal credits from Form 1040 or 1040NR (see instructions)" because the 2008 Form 1040 and 1040NR WRNs indicate the line references are changed. This new language eliminates the need to conform to

future Form 1040 and 1040NR WRNs that change the line references.

4) The reference to Form 5735 is removed from Line 16c because the American Samoa economic development credit is expired for years beginning in 2008 and has no carryforward provision (section 119(d) of PL 109-432).

5) On Line 23 the Form 1040 and 1040NR line references are changed to line 54 and line 49, respectively, to conform to the 2008 Form 1040 and 1040NR WRNs.

6) The year is updated where necessary.

Various changes were made to the instructions to comply with the revised statutory requirements:

The "What's New" area is removed.

1) All information on Hurricane Katrina employees (page 3, 2nd col.) is removed because it expired per Public Law 109-73, section 201.

2) Line 8 instructions are rewritten and new line 9 instructions are added to account for the changes to the form mentioned in item f1.

3) The year is updated where necessary.

4) In the line 13 instructions, the Schedule I reference is changed because the schedule is separated from the Form 1041 for 2008.

5) Line 16a instructions are added, including a table copied from the 2008 Form 8834, to account for the changes to the form mentioned in item f2.

6) The instructions on carrying back the credit to 2006 (the last AMT year) are removed because the information can be found on the 2007 form, where it is Form 5884 is used to figure the credit in accordance with IRC section 38(b)(2). This section allows a credit against income tax to employers hiring individuals from certain targeted groups such as welfare recipients, etc.

Various changes were made to comply with statutory requirements:

1) Line 8 is rewritten based on IRC section 51 and the changes made to IRC 38 by section 8214 of PL 110-28 (text is added to clarify that it will be used to report the carryforward from 2007 of the New York Liberty Zone business employee credit). Previously, the carryforward and carryback information was on just line 8 but is now shown on two separate lines, 8 and 9, respectively.

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1040 or 1040NR (see instructions)" because the 2008 Form 1040 and 1040NR WRNs indicate the line references are changed. This new language eliminates the need to conform to future Form 1040 and 1040NR WRNs that change the line references.

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Samoa economic development credit is expired for years beginning in 2008 and has no carryforward provision (section 119(d) of PL 109-432).

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6) The instructions on carrying back the credit to 2006 (the last AMT year) are removed because the information can be found on the 2007 form, where it is more relevant.

The net result of these various changes made, to comply the laws, result in a total burden decrease of 48,226 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.