

SUPPORTING STATEMENT
(IRS Form 941, Form 941-V, Form 941-PR,
Form 941-SS, Schedule B (Form 941), Schedule B (Form 941-PR)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 3102 of the Internal Revenue Code requires employers to deduct social security and Medicare taxes imposed by section 3101(a) and (b) of the Code from the wages of employees. Code section 3111(a) and (b) requires employers to pay social security and Medicare taxes on wages paid to employees. Code section 3402(a) requires employers to deduct the income tax imposed by the section from employees' wages. Code section 3405 requires payers of pensions, annuities, and certain other deferred income to withhold income tax from most payments. Code section 3501 states that all these taxes will be collected by the Secretary and paid over to the U.S. Treasury.

Section 3406 of the Code requires certain payers to withhold 31% of reportable payments if payees fail to furnish payers with the correct taxpayer identification number.

Section 6011 of the Code and sections 31.6011(a)-1, and 31.6011(a)-4 of the Employment Tax Regulations require employers to report (1) wages subject to income tax withholding and social security and Medicare taxes; (2) amounts withheld for income tax; and (3) the employee and employer share of social security and Medicare taxes.

Sections 31.6302(c)-1, 2, & 3 of the regulations require employers to deposit the withheld income tax with an authorized depository within specified time limits.

Form 941 is used to report social security and Medicare taxes and income tax withholding. The deposits or payments of these liabilities are also reported on the form. For payments made after December 31, 1993, nonpayroll income tax withholding will no longer be reported on Form 941. These nonpayroll items include backup withholding and withholding on pensions, annuities, IRAs, military retirement, and gambling winnings. This nonpayroll withholding will be reported on Form 945, Annual Return of Withheld Federal Income Tax.

Form 941-V, Form 941 Payment Voucher, will be filed with

Form 941 by those taxpayers who submit a payment with their return. Only those taxpayers who have a total tax liability of under \$500 for the year or who are making a payment under the safe haven deposit rule for monthly depositors are entitled to make payments with the return. Beginning with the first quarter return for 1995, there will be an over-the-counter version of the payment voucher in addition to the mailout version.

Form 941-PR, for use in Puerto Rico, is a specialty form for reporting only social security and Medicare taxes since employers in Puerto Rico locations are not required to withhold U.S. income tax from employees' wages.

Form 941-SS, for use in Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands, is a specialty form for reporting only social security and Medicare taxes, since employers in these locations are not required to withhold U.S. income tax from employees' wages.

Schedule B (Form 941) and Schedule B (Form 941-PR) are used by taxpayers subject to semiweekly deposit requirements under the deposit rules (Reg. 31.6302).

2. USE OF DATA

The data is used by the IRS to verify that the correct taxes have been paid. Some of the data is used by the Bureau of the Census for statistical purposes. The Social Security Administration uses some of the social security and Medicare tax data for trust fund accounting and estimating purposes.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are currently offering electronic filing on Forms 941, 941-PR, 941-SS, Schedule B (Form 941) and Schedule B (Form 941-PR).

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

a. Periodic meetings are held between Service personnel and representatives of the American Institute of Certified Public Accountants, the American Payroll Association and other professional groups to discuss improvements to the tax forms. In addition, we receive comments from other interested outside groups and from individuals.

b. Advance proofs of Forms 941 are made available through the IRS website.

c. We send copies of the draft forms to representatives of the Social Security Administration for their review and comments.

In response to the Federal Register Notice dated November 5, 2009 (74 FR 57396), we received no comments during the comment period regarding Form 941, 941-PR, 941-SS, Schedule B (Form 941), and Schedule B (Form 941-PR)

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 estimation is as follows:

<u>Form</u>	<u>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
941	23,034,876	12.72	293,003,623
941-Line 15	16,176,156	1.46	23,617,188
941-V- (Preprinted	6,400,000	.24	1,536,000
941-V-OTC	1,600,000	.97	1,552,000
941-PR	124,892	8.63	1,077,818
941-PR-Line 17	81,181	.97	78,746
941-PR/941-V(PR)(OTC	2,000	.97	1,940
941-PR/941-(V)(PR) Preprinted	85,000	.24	20,400
941-SS	32,448	8.87	287,814
941-SS-Line 17	21,092	.97	20,460
941-SS/941-V(OTC)	30,000	.97	29,100
941-SS/941-V (Preprinted)	10,000	.24	2,400
Sch B (941	6,267,324	2.88	18,049,894
Sch D (941)	10,000	12.52	125,200
Sch B (941-PR)	<u>32,423</u>	2.88	<u>93,379</u>
Total	37,810,463		318,884,262

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

-Line 17 Monthly Summary of Federal Tax Liability
 -V-M Mailout Version of Form 941 Payment Voucher
 - V-0 Over-the-Counter Version of Form 941
 Payment Voucher

The following are related regulations which impose no additional burden. Please continue to assign OMB number 1545-0029 to these regulations.

31.3306(C)(18)(1)	1.401(d)
31.6302-1, 2, 3	
31.3401(a)-1(b)(12)	31.3102-3(c)
31.6413(a)-1	
33.3401(a)(6)-1(d)(3)	31.3121(b)(19)-1
31.6414-1(a)	
31.3401(a)(8)(c)(1)	31.3121(s)-1(a)
Temp. Reg. 32.1,2	
31.3401(h)(1)(2)(ii)	31.3404-1
36.3121(a)(10)-1	

31.3402(h)(3)-1
49.3121(1)(10)-3
31.3504-1(a)
49.6109-1
36.312(1)(10)-3(a)
601.401(a)
301.6316-7(b), (c)
31.6011
31.3121(a)-1
31.6205-1

31.6001-6

31.6109

31.6011(a)-1, 4, 6, 7, 8, 9

31.6011(b)-2

31.6053-1

31.3401(a)1(b)(12)	31.6071(a)-1
31.3401(a)(8)(A)(2)	
31.6011(a)-6(b)	31.3401(a)(8)(A)(2)
36.3121(1)(10)(3)	

We have reviewed these regulations and have determined that the reporting requirements contained in them are entirely reflected on Forms 941, 941-PR, 941-SS, and Schedule B (Form 941). The justification appearing in Item 1 of the Supporting Statement applies both to these regulations and to the above listed forms.

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

As suggested by OMB, our **Federal Register** notice dated November 5, 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 these forms. We estimate that the cost of printing these forms is \$12,235,028.

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**

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.