

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 June 15, 2010 (75 FR 33885), 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 minor revision to the form impose no additional burden. Please continue to assign OMB number 1545-0747 to this regulation.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our *Federal Register* notice dated June 15, 2010, 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

There is no change to the currently approved burden. The following are minor revision made to the 2010 Form 5498:

- All years have been updated.
- Under *Instructions for Recipients/Lenders* the phone number for TTY/TDD has been changed.
- Under *Instructions for Trustees and Issuers* the hours of operation of the information reporting customer service site have been returned to the form.
- Form 8935, Airline Payments Report, has been added to the title of Pub 1220, which is now titled Specifications for Filing Forms 1098, 1099, 3921, 3922, 5498, 8935, and W-2G Electronically, on the *Instructions for Trustees and Issuers* page.
- The checkboxes in *Box 11* have all been lined up to the right for the convenience of issuers of the form.
- The words on *Copy B* in *Box 11* have been returned to the wording found on previous editions of this form.
- Boxes *15a* and *15b* have been shaded out as the provision for catch-up contributions made in the case of certain employer bankruptcies in lieu of the higher contribution

limit for individuals age 50 or older. The box descriptions on the *Instructions for Participant* page have been removed.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB DATE IS INAPPROPRIATE

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the statutes/regulation sunsets as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of OMB approval and obtain a new expiration date before the old one expires.

18. EXCEPTION TO THE CERTIFICATION STATEMENT ON OMB FORM 83-I

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.