

Some Background Information behind Burden Estimate Changes between CY 2011 and FY 2010

The changes in aggregated compliance burden estimates can be explained in terms of three major components: Technical Adjustments, Statutory Changes, and Agency (IRS) Discretions.

Technical Adjustments

Technical changes include refinements to the modeling methodology using the new survey data as well as the effects of the economic recovery and an increase in the number of taxpayers projected.

Statutory Changes

The primary drivers for the statutory changes are newly enacted legislation along with the expiration of many provisions of the American Recovery and Reinvestment Act of 2009. New legislation includes the Small Business Jobs Act of 2010; the Patient Protection and Affordable Care Act; the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010; and related legislations.

IRS Discretionary Changes

IRS discretionary changes include redesign of Form1040X, fees associated with new paid professional licensing requirements, changes in the delivery of form instructions and publications to taxpayers, and delayed filing resulting from late legislation.

These changes have resulted in an overall increase of 270,000,000 total hours and \$650,000,000 in taxpayer burden previously approved by OMB.

From: Guyton John
Sent: Monday, November 29, 2010 3:54 PM
To: Durbala R Joseph
Cc: Vigil Melissa
Subject: RE: language to include in tax instructions
 Hi Joe --

Attached are the 1040-series ICB estimates for FY2011.

ICB Estimates for the 1040/A/EZ/NR/NR-EZ/X series of returns and supporting forms and schedules					
FY 2011					
	Previously Approved FY10	Program Change due to Adjustment	Program Change due to New Legislation	Program Change due to Agency	FY11
Number of Taxpayers	143,400,000	3,300,000	-	-	146,700,000
Burden in Hours	2,431,000,000	292,000,000	(108,000,000)	3,000,000	2,618,000,000
Burden in Dollars	31,543,000,000	3,986,000,000	(1,451,000,000)	29,000,000	34,107,000,000

Source IRS:RAS:R:TAM 11/23/2010

Note: This estimate is based upon current statutory requirements as of November 15, 2010. Consistent with the November 8, 2010 guidance to the IRS Commissioner from the majority and minority leaders of tax writing functions of the House and the Senate, this estimate and the corresponding estimates on the tax forms assume that the Alternative Minimum Tax will be modified to reflect current Congressional intent.

For your background in describing the estimate, here is a summary of the key factors driving the change from last year's estimate. The program changes are due to adjustment are mostly driven by the increase in the estimate of affected taxpayers. The program change due to new legislation is primarily driven by elimination of the personal exemption phase-out, the elimination of the Pease limitation on itemized deductions, and the expansion of bonus depreciation. The changes due to agency primarily reflect the impact of discontinuing the sending of tax packages directly to taxpayers.

-- John