

**SUPPORTING STATEMENT
(Form 1099-Q)**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

As a result of Act section 402(a)(1) of P.L. 107-16 which expanded the definition of a qualified tuition program to include programs established and maintained by private eligible educational institutions by amending IRC section 529(b)(1), the reporting of earnings from qualified state tuition programs was moved from Box 5 of Form 1099-G to a new form, Form 1099-Q. Form 1099-G is used for reporting certain payments from Federal, state, and local government agencies only. Therefore a new information report was needed to report distributions from private qualified tuition programs. To lessen the burden for payers, Form 1099-Q was developed to report distributions from private and state qualified tuition programs.

2. USE OF DATA

Students and designated beneficiaries will use the information provided to report earnings from qualified tuition programs on their individual tax returns (i.e. Forms 1040, 1040A, and 1040EZ).

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are offering electronic filing on Form 1099-Q.

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 1099-Q.

In response to the **Federal Register** notice (75 FR 71794), dated November 24, 2010, we received no comments regarding Form 1099-Q.

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>Hours</u>	<u>Number of Responses</u>	<u>Time per Response</u>	<u>Total Response</u>
Form 1099-Q 33,000	150,000		.22

Estimates of the annualized cost to respondents for the hour

burdens shown are not available at this time.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register** notice dated November 24, 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 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 Form 1099-Q. We estimate that the cost of printing the form is \$8,000.

15. REASONS FOR CHANGE IN BURDEN

There are no changes to 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.