

**SUPPORTING STATEMENT
(Form 1127 & Form 1127A)**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Form 1127 is necessary to request an extension of time to pay the types of taxes applicable under Section 6161 of the IRC. Usage of this form is strongly discouraged due to the stringent conditions stated in the IRC and on the form itself. This form is required to be filed before the due date of the tax return.

Under IRC 6161 and the Service's Fresh Start initiative, individual taxpayers are allowed to request an extension of time for payment of tax shown or required to be shown on a return for 2011. In order to be granted this extension, they must file Form 1127A, self-certifying hardship due to the current economic downturn.

2. USE OF DATA

The information from these forms are not tracked. The information is reviewed by a revenue officer who will recommend approval or disapproval and forward to management for concurrence.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We have no plans at this time to offer electronic filing because of the low volume compared to the cost of electronic enabling.

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 Forms 1127 & 1127A.

We received no comments during the comment period in response to the **Federal Register** notice dated April 2, 2009 (74 FR 15055) regarding Form 1127.

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

List the number of responses, time per response, and total burden for each form included in the submission.

The burden estimate is as follows:

<u>Form</u>	<u>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
1127	1,000	7.47 hrs.	7,470
1127A	1,000	1.21 hrs.	1,210
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	2,000		8,680

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 April 2, 2009 (74 FR 15055) for Form 1127, 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.

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information for Form 1127-A 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. We estimate that the cost of printing the form 1127 is \$ 2,000.

After consultation with various functions within the Service, we have determined that the cost of developing, printing, processing, distribution and overhead for the form 1127-A is \$8,000.

15. REASONS FOR CHANGE IN BURDEN

Program Change Due to Agency Discretion:

1) Per the Program Manager, lines were deleted from Form 1127. This resulted in a 490 decrease to total burden hours.

2) Under IRC 6161 and the Service's Fresh Start initiative, individual taxpayers are allowed to request an extension of time for payment of tax shown or required to be shown on a return for 2011 only using separate Form 1127-A. The audience for Form 1127A is very limited. This is different from Form 1127 which allows for extensions to pay not only income taxes but also, withheld taxes on nonresident aliens and foreign corporations, taxes on private foundations and certain other tax-exempt organizations, taxes on qualified investment entities, taxes on greenmail, taxes on structured settlement factoring transactions, and gift taxes.

In addition, by allowing individual taxpayers to file Form 1127A, taxpayer burden is reduced; the time it takes a taxpayer to complete form 1127A is 1.21 hrs. Whereas it takes a taxpayer 7.47 hrs to complete form 1127. The separate form 1127A, resulted in a 1,210 increase to total burden hours.

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.

*If emergency approval is needed, please give reason.