

FY2012 ICB Summary of Burden (Updated to reflect FY2012 final return counts)

	Previously Approved FY11	Program Change due to Adjustment	Program Change due to New Legislation	Program Change due to Agency	FY12
Number of Taxpayers	146,700,000	4,000,00 0	-	-	150,700,00 0
Burden in Hours	2,701,000,000	(17,000,0 00)	(37,000,00 0)	-	2,647,000,00 0
Burden in Dollars	35,193,000,000	(1,095,000, 000)	(380,000,00 0)	(46,000, 000)	33,672,000,00 0

Burden increase because of change to new statute: No
 Burden increase because of change due to agency discretion: No
 Burden increase because of adjustment in estimate: No

Burden Reduction Due to:

Short Statement: The change in estimated aggregate compliance burden can be explained by three major sources - technical adjustments, statutory changes, and discretionary agency (IRS) actions.

Technical Adjustments - Technical adjustments are due to incorporation of new taxpayer data, updated return totals, and refinements to the estimation methodology. The two biggest adjustments are the addition of four million individual taxpayers between FY2011 and FY2012 and the decrease in average burden per taxpayer attributable to updating the underlying taxpayer data file. The updated taxpayer historical micro data used in these estimates reflects decreased economic activity and correspondingly less complicated taxpayer returns. This is the major determinate of the lower average time and money burden estimated for Fiscal Year 2012. As a result, taxpayer burden is estimated to have declined by 17 million hours and \$1.095 billion from the technical changes in the underlying taxpayer population.

Statutory Changes - The primary drivers for the statutory changes are credits provided in the American Recovery and Reinvestment Act (ARRA) of 2009 and implementation of new reporting requirements in the Emergency Economic Stabilization Act of 2008. These costs and the new or changes to existing provisions listed below are more than offset by the impact of the expiring ARRA provisions.

New or Changed Provisions

Capital Gains and Losses¹: In most cases, transactions for capital gains and losses must now be entered on the new Form 8949. The subtotal of the sales price, basis, and adjustment amounts from Form 8949 are then carried to the Schedule D. Up to six separate Forms 8949 could be required depending on the holding period of the assets, whether or not basis related to the transaction was reported by the broker, and whether a reporting document was received for the transaction. These changes were made to coincide with the new Form 1099-B basis reporting.

Number of filers affected: 21,000,000.

¹ Emergency Economic Stabilization Act of 2008, Title IV, section 403. (Pub.L.110-343).

Alternative Minimum Tax²: The AMT exemption amount was increased to \$48,450 (\$74,450 if married filing jointly or a qualified widow; \$37,225 if married filing separately).

Had this legislation not been enacted, at least 20 million additional taxpayers would have been required to file Form 6251, Alternative Minimum Tax.

Expired Provisions

The Making Work Pay Credit expired.

Number of filers who claimed this provision in 2010: 100,000,000.

IRS Discretionary Changes - IRS discretionary changes include expanded e-file availability, an increase in the agency's oversight of the return preparer industry, and a change to the procedure for repayment of the first-time homebuyer credit.

Repayment of the first-time homebuyer credit may now be made without attaching Form 5405.

Number of filers affected: 550,000.

These initiatives have a net effect of a slight decrease in time that is not shown due to rounding as well as a net decrease in out-of-pocket costs of \$46 million.

Total- Taken together, the changes discussed above reduced total reported burden by 54 million hours and \$1.521 billion.

² American Taxpayer Relief Act of 2012, Title I, section 104. (Pub.L.112–240).