

Supporting Statement

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (“Code”) sections 4375 and 4376 impose fees on issuers of specified health insurance policies and plan sponsors of applicable self-insured health plans, and Code section 4377 contains special rules that apply to these issuers and plan sponsors with respect to these fees. The fee imposed by Code section 4375 applies for policies with policy years ending on or after October 1, 2012 and before October 1, 2019, and the fee imposed by Code section 4376 applies for plan years ending on or after October 1, 2012 and before October 1, 2019.

On June 8, 2011, the IRS released Notice 2011-35 (2011-25 IRB 879), which requested comments on how the taxes imposed under sections 4375 and 4376 should be calculated and paid. The Treasury Department and IRS received numerous comments on the notice, and considered those comments in drafting a notice of proposed rulemaking (NPRM), which was issued on April 17, 2012. The NPRM proposed rules for calculating, reporting, and paying the excise taxes under section 4375 and 4376, and requested comments on those proposed rules. The Treasury Department and IRS currently are in the process of reviewing those comments for consideration in drafting final regulations. The NPRM provides that the fees under Code sections 4375 and 4376 will be paid and reported on Form 720, Quarterly Federal Excise Tax Return and will provide a funding source for the Patient-Centered Outcomes Research Trust Fund.

2. USE OF DATA

The collections of information required by the NPRM are intended to lower the burden on issuers and plan sponsors of calculating the average number of lives covered for the applicable policy or plan year and to permit certain plan sponsors the flexibility to designate the person responsible for the reporting and paying the fee.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Not applicable.

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 proposed regulations. In addition, the NPRM was published April 17, 2012, at 77 FR 22691 (REG-136008-11) invited comments on all aspects of the proposed rules. We received numerous comments in response to this request and currently are in the process of reviewing those comments for consideration in drafting final regulations.

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

The collection of information contained in § 46.4376–1(b)(2)(G) is necessary to provide certain entities that establish or maintain an applicable self-insured health plan the flexibility to designate the person that will be responsible for reporting and paying the fee imposed by section 4376.

We estimate that the number of respondents for the collection of information NPRM to equal 10,000 with each respondent incurring an average annual burden of 5 minutes, equaling 833 total annual hours. These estimates are based on the proposed rules and are subject to change based on changes made to the proposed rules.

Estimates of annualized cost to respondents for the burdens are not available at this time.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Estimates of cost to the government are not available at this time.

15. REASONS FOR CHANGE IN BURDEN

This is a new information collection.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION 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 regulations sunset as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

18. EXCEPTION 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.