

**SUPPORTING STATEMENT
REG-105606-98 and REG-161424-01**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 25A of the Internal Revenue Code (the Code) allows taxpayers to claim a nonrefundable credit for certain post-secondary educational expenses. Section 6050S of the Code requires an eligible educational institution (as defined in 25A) to file information returns with the Internal Revenue Service and to furnish information statements. Consistent with the requirements in section 6050S, the regulations require eligible educational institutions to file Form 1098-T, Tuition Payments Statement, and to furnish information statements.

In addition, section 221 of the Code allows taxpayers to deduct interest paid on a qualified education loan. Section 6050S of the Code requires certain payees who receive interest on one or more qualified educational loans to file information returns with the Internal Revenue Service and to furnish information statements. Consistent with the requirements in section 6050S, the regulations require payees to file Form 1098-E, Student Loan Interest Statement, and to furnish information statements.

2. USE OF DATA

The collection of information is required to assist the Internal Revenue Service and taxpayers in determining the amount of the education tax credit allowable under section 25A of the Code and the amount of the student loan interest deduction allowable under section 221.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS Publications, Regulations, Notices and Letters are to be electronically enabled on an as practicable basis in accordance with the IRS Reform and Restructuring Act of 1998.

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

REG-105316-98

A notice of proposed rulemaking was published in the Federal Register on June 16, 2000 (65 FR 37728). A public hearing was held on February 13, 2001.

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The IRS and the Treasury Department determined that the proposed regulations addressing the information reporting requirements for eligible educational institution and insurers was withdrawn in part and that a new proposed regulation was issued. The repropoed NPRM was published in the Federal Register on April 29, 2002 (67 FR 20923). REG-105316-98 was finalized in part and published in the Federal Register on April 29, 2002 (67 FR 20901). REG-161424-01 was finalized and published in the Federal Register on December 19, 2002 (67 FR 77678).

We received no comments during the comment period in response to the Federal Register notice (77 FR 34579), dated June 13, 2012.

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 reporting requirements are in section 1.6050S-1 and section 1.6050-3. Section 1.6050S-1 requires eligible education institutions and insurers to file a Form 1098-T, "Tuition Payments Statement," with the Internal Revenue Service and to furnish an information statement for each student for whom the institution or insurer receives payment of, or makes reimbursements or refunds of, qualified tuition and related expenses. Section 1.6050S-3 requires payees who receive \$600 or more qualified education loans to file Form 1098-E, "Student Loan Interest Statement," with the Internal Revenue Service and to furnish an information statement for each payor from whom it receives interest payments. The reporting burden contained in section 1.6050S-1 and section 1.6050S-3 for filing are reflected in the burden estimates for Form 1098-T and Form 1098-E.

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 June 13, 2012, 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

Not applicable.

15. REASONS FOR CHANGE IN BURDEN

There is no change in 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

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the regulation sunsets 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. 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.

OMB EXPIRATION DATE

We believe the public interest will be better served by not printing an expiration date on the form(s) in this package.

Printing the expiration date on the form will result in increased costs because of the need to replace inventories that become obsolete by passage of the expiration date each time OMB approval is renewed. Without printing the expiration date, supplies of the form could continue to be used.

The time period during which the current edition of the form(s) in this package will continue to be usable cannot be predicted. It could easily span several cycles of review and OMB clearance renewal. In addition, usage fluctuates unpredictably. This makes it necessary to maintain a substantial inventory of forms in the supply line at all times. This includes supplies owned by both the Government and the public. Reprinting of the form cannot be reliably scheduled to coincide with an OMB approval expiration date. This form may be privately printed by users at their own expense. Some businesses print complex and expensive marginally punched continuous versions, their expense, for use in their computers. The form may be printed by commercial printers and stocked for sale. In such cases, printing the expiration date on the form could result in extra costs to the users.

Not printing the expiration date on the form(s) will also avoid confusion among taxpayers who may have identical forms with different expiration dates in their possession.

For the above reasons we request authorization to omit printing the expiration date on the form(s) in this package.