

**Supporting Statement  
Long-Term Care and Accelerated Death Benefits  
Form 1099-LTC  
1545-1519**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Sections 7702B and 101g respectively define situations under which benefits paid under a long-term health care insurance contract and accelerated death benefits paid under a life insurance policy may qualify for special tax treatment. Section 6050Q requires any payer of benefits under a qualified long-term care insurance contract, and any payer of accelerated death benefits under a life insurance contract (including viatical settlers) to report the gross amount of such benefits made to a payee in a tax year.

**2. USE OF DATA**

The data will be matched by the IRS with the information reported on individual tax returns to determine whether amounts paid under a qualified long-term care insurance contract or as accelerated death benefits paid under a life insurance policy are properly reported.

**3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

Electronic filing is currently available for Form 1099-LTC.

**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 1099, including Form 1099-LTC.

In response to the **Federal Register Notice** dated April 7, 2014, (79 FR 19173), we received one comment during the comment period regarding Form 1099-LTC.

The commenter requested additional information regarding the recent increase in the estimated number of responses. The change in estimate was made to reflect the agencies most recent data on previous year Form 1099-LTC filings. The original estimates were not in line with the Publication 6961 projections.

**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**

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the "Information Returns Master-file (IRMF)", "Information Returns Processing (IRP)" and Privacy Act System of Records notices (SORN) has been issued for these systems under Treasury/IRS 22.061-Information Return Master File

(IRMF); Treasury/IRS 24.030-Customer Account Data Engine Master File; and IRS 34.037-IRS Audit Trail and Security Records System. The Internal Revenue Service PIAs can be found at <http://www.irs.gov/uac/Privacy-Impact-Assessments-PIA>

Title 26 USC 6109 requires inclusion of identifying numbers in returns, statements, or other documents for securing proper identification of persons required to make such returns, statements, or documents and is the authority for social security numbers (SSNs) in IRS systems

**12. ESTIMATED BURDEN OF INFORMATION COLLECTION**

<u>Form</u>	<u>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
1099-LTC			292,500
			.23
			67,275

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

**13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

As suggested by OMB, our **Federal Register Notice** dated April 7, 2014, (79 FR 19173), 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 responses from taxpayers on this subject. As a result, estimates of these 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 this form. We estimate that the cost of printing the form is \$20,772.

**15. REASONS FOR CHANGE IN BURDEN**

There is a change in the paperwork burden previously approved by OMB.

The Department has updated the burden associated with the ICR to reflect its most recent data on Form 1099-LTC filings. The agency estimates 213,453 filings based on updated filing projections and previous year filings. The update in estimated filings results in an overall hourly burden increase of 49,094 (18,181 to 67,275). There are no changes to the form or additional program changes that will affect the burden estimates.

We are making this submission as a revision to an existing 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. 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.



## 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.