

SUPPORTING STATEMENT
OMB # 1545-0768
(TD 7898)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 127(a) of the Internal Revenue Code of 1986 (Code) provides that the gross income of any employee does not include amounts paid or expenses incurred by an employer if furnished to the employee pursuant to a qualified educational assistance program. A qualified educational assistance program is a plan established and maintained by an employer under which the employer provides educational assistance to employees. To be a qualified program, the requirements described in paragraphs (b) through (g) of 26 CFR 1.127-1 must be satisfied. It is not required that a program be funded or that the employer apply to the Internal Revenue Service for a determination that the plan is a qualified program. However, under §601.201 (relating to rulings and determination letters), an employer may request that the Service determine whether a plan is a qualified program.

TD 7898 provides final regulations relating to employers' qualified educational assistance programs.

2. USE OF DATA

The information would be used by the Service pursuant to an examination in order to determine whether the program qualifies under Code section 127.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We have no plans to offer electronic filing for this information collection. IRS publication, 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

We have been unable to further reduce the burden of small businesses.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

Consequences of less frequent collection on this program will prevent the substantiation that U.S. taxes were properly applied relating to employers' qualified educational assistance programs.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

There are no special circumstances requiring data collection to be inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

These regulations were published in the Federal Register initially as a Notice of Proposed Rulemaking on November 23, 1981 (46 FR 57325), which provided the general public a 60-day period in which to review and provide public comments upon any aspect of the proposed regulations. A public hearing was held with respect to these regulations on 3-24-82. Final regulations, TD 7898 (48 FR 31015), were published on July 6, 1983, after consideration of all comments.

We received no comments during the comment period in response to the *Federal Register* notice (79 FR 49375), dated August 20, 2014.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

No payment or gift has been provided to any respondents.

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

No personally identifiable information (PII) is collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Employers maintaining educational assistance programs must set forth the terms of the program in a separate written plan (Section 127(b)(1) and Treas. Reg. § 1.127-2(b)).

Employees may be required to provide substantiation to the employer to receive benefits (Section 6001 and Treas. Reg. § 1.127-2(i)).

Under § 1.127-2(b), it is estimated that 200 respondents will be required to make one response at 1 hour each resulting in 200 hours of reporting burden. Under § 1.127-2(i), it is estimated that 5,000 record keepers will each spend .083 hours resulting in 415 hours of recordkeeping burden.

The total burden is 615 hours.

There is no estimated annualized cost to respondents for the hour burdens shown.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There is no start-up costs associated with this collection. As suggested by OMB, our *Federal Register* notice dated August 20, 2014, 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

There is no estimated annualized cost to the federal government.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the regulation previously approved by OMB. We are making this submission to renew the OMB approval.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis and publication.

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

There are no exceptions to the certification statement.

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.