

SUPPORTING STATEMENT
OMB 1545-0110
(IRS Form 1099-DIV)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

IRS section 6042 and Regulations section 1.6042-2 require the filing of an information return on a separate Form 1099 by any person paying dividends of \$10 or more in a calendar year. Corporations are required by Code section 6043 and the regulations issued under that section to make a return regarding its distributions in liquidation showing the amount of the liquidation distributions (or if in property, the fair market value).

2. USE OF DATA

IRS uses the form to verify compliance with the reporting rules and to verify that the recipient of the income has included the proper amount of income on his or her tax return.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are currently offering electronic filing for Form 1099-DIV.

4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication with 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 Form 1099-DIV.

We received no comments during the comment period in response to the Federal Register notice dated September 19, 2014 (79 FR 56435).

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

No PII is being collected by this information collection.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The burden estimate is as follows:

	<u>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
Form 1099-DIV	87,476,600	.39 minutes	34,115,874

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

The following regulations impose no additional burden:

1.6042-1	1.67-2T
1.6042-2	35A.9999-3, Q/A-89

1.6042-4(a),(b)
1.6043-2

5c.305-1

We have reviewed these regulations and have determined that the reporting requirements contained in them are entirely reflected on form. The justification appearing in item 1 of the supporting statement applies both to these regulations and to form.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register Notice** dated **September 19, 2014 (79 FR 56435)**, 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

After consultation with various functions within the Service, we have determined that the cost of developing, printing, processing, distribution and overhead for Form 1099-DIV is \$343,854.

15. REASONS FOR CHANGE IN BURDEN

There are 5 additional line items being added to this form in order to capture state income tax withheld. This change is made at the request of several state income tax department liaisons, for the convenience of the taxpayer. These boxes are optional, will not be processed by the IRS, and are offered exclusively for the convenience of the taxpayer.

There is also a change in the updated filing estimates in response to this Form. The decrease in estimated filing figures offsets the increase in burden, resulting in a total burden decrease of 579,993 hours.

We are also making this submission for renewal purposes.

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 statutes/regulation sunsets as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of 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.