
Paperwork Reduction Act Submission - Supporting Statement

1. Circumstances necessitating collection of information

The IRS is offering people with undisclosed income from offshore accounts an opportunity to get current with their tax returns. Taxpayers with undisclosed foreign accounts or entities should make a voluntary disclosure because it enables them to become compliant, avoid substantial civil penalties and generally eliminate the risk of criminal prosecution. The objective is to bring taxpayers that have used undisclosed foreign accounts and undisclosed foreign entities to avoid or evade tax into compliance with United States tax laws.

2. Use of data

The IRS will use this data to calculate, with a reasonable degree of certainty, the total cost of resolving all offshore tax issues.

The IRS's prior Offshore Voluntary Disclosure Program (2009 OVDP), and Offshore Voluntary Disclosure Initiative (2011 OVDI), which closed on September 9, 2011, demonstrated the value of a uniform penalty structure for taxpayers who came forward voluntarily and reported their previously undisclosed foreign accounts and assets. These initiatives enabled the IRS to centralize the civil processing of offshore voluntary disclosures and to resolve a very large number of cases without examination

In September 2012, the IRS announced a new offshore initiative entitled the Streamlined Non-filer program. This program was developed specifically for US citizens with income solely from non-us sources. Although this program was successful at closing the non-filer loop, this program did not allow for amended returns to be filed reporting previously unreported foreign sourced income. As a result, an enhanced process was developed in which taxpayers will be allowed to file amended returns in order to report previously unreported foreign source income while allowing a relief from penalties.

3. Use of improved information technology to reduce burden

There are no plans at this time to use information technology as the focus on undisclosed foreign accounts or entities being used by taxpayers

4. Efforts to identify duplication

We have attempted to eliminate duplication within the agency whenever possible.

5. Methods to minimize burden on small businesses or other small entities

There are no small entities affected by this collection.

6. Consequences of less frequent collection on federal programs or policy activities

If the IRS did not collect this information, the taxpayer would not have the means to calculate the correct interest that would impact their tax liability and the revenue needed to support the Federal government.

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

IRS began an open-ended Offshore Voluntary Disclosure Program (OVDP) in January 2012 on the heels of strong interest in the 2011 and 2009 programs. This form reflects input from various external sources who are familiar with the program and its procedures. This request for information has taken into consideration input gathered from the 2009 and 2011 programs.

In response to the Federal Register notice (80 FR 47998), dated August 10, 2015, we received 2 sets of comments during the comment period. The comments received were related to the entire OVDP program. Comments related to the tax laws and forms were forwarded to Chief Counsel for consideration and response, if necessary. The comments also challenged and agreed with the burden estimates reported by IRS. In light of the wide range of potential compliance situations, we believe the estimates provided for the forms under the OVDP program are a fair estimate and understand that there may be specific situations that require more time. The comments have been reviewed, considered and will be distributed to the various Business Operating Divisions (BODs) for final determination and implementation, if necessary. See attached document for summary of responses.

9. Explanation of decision to provide any payment or gift to respondents

No payment or gift has been provided to any respondents.

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10. Assurance of confidentiality of responses

Generally, tax returns and tax return information are confidential as required by 26 U.S.C. 6103.

11. Justification of sensitive questions

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the "Business Master File (BMF)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.046-Customer Account Data Engine Business Master File. The Internal Revenue Service PIA's 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

	Estimated Annual Responses	Time per Response	Estimated Annual burden
1) OVDP Submission	228,000	2 hours	456,000
2) OVDP Penalty WrkSht	38,000	2 hours	76,000
3) OVDP Acct/Asst Stmnt	190,000	1 hours	190,000
4) OVDP Streamline Qstnre	0	-----	0
5) Streamlined Non-filer	17,500	2 hours	34,500
6) Statement of Dissolved Entities	500	1 hours	500
<u>Total</u>	<u>474,000</u>		<u>757,000</u>

13. Estimated total annual cost burden to respondents

As suggested by OMB, our Federal Register notice dated August 10, 2015, 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

There is no estimated annualized cost to the federal government.

15. Reasons for change in burden

The creation of the updated Streamlined Non-filer program will create an increase in the estimated number of responses by 17, 500/year and an estimated burden increase of 34,500 hours/year. It will also eliminate the need for taxpayers to complete Form 14438, eliminating 2,000 responses and 4,000 burden hours.

This submission is for revision purposes only.

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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

The Offshore Voluntary Disclosure Program (OVDP) and Streamlined Filing Compliance Procedures are open-ended. Displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the procedures would no longer be available. Taxpayers would not know 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

There are no exceptions to the certification statement.

19. Reason for emergency submission
