

**SUPPORTING STATEMENT**  
**Contributions of Motor Vehicles, Boats, and Airplanes**  
**Form 1098-C**  
**1545-1959**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Section 884 of the American Jobs Creation Act of 2004 (Public Law 108-357) added paragraph 12 to section 170(f) for contributions of used motor vehicles, boats, and airplanes. Section 170(f)(12) requires that a donee organization provide an acknowledgement to the donor of this type of property and is required to file the same information to the Internal Revenue Service. Form 1098-C may be used as the acknowledgement. It, or an acceptable substitute, must be filed with the IRS.

**2. USE OF DATA**

IRS uses Form 1098-C to verify that the amount of the deduction for contributions of used motor vehicles, boats, and airplanes are reported on the recipient's income tax return.

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

We are currently offering electronic filing on Form 1098-C.

**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**

There are no small entities affected by this collection.

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

Less frequent collection would not allow the Internal Revenue Service to timely verify that the amount of the deduction for contributions of used motor vehicles, boats, and airplanes are reported on the recipient's income tax

return. Taxpayers who do not comply with the noncash contributions reporting requirements could be incorrectly reducing their tax liabilities and receiving tax refunds to which they are not entitled negatively affecting federal programs and policy activities.

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**

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 1098-C.

In response to the **Federal Register Notice** dated May 6, 2015 (**80 FR 26154**), we received no comments during the comment period regarding Form 1098-C.

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**

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the "Information Returns Master File (IRMF)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under; Treasury/IRS 24.030 CADE Individual Master File and Treasury/IRS 34.037 IRS Audit Trail and Security Records System. 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**

List the number of responses, time per response, and total burden for each form included in the submission.

The burden estimate is as follows:

<b>Form</b>	<b><u>Number of Responses</u></b>	<b><u>Time per Response</u></b>	<b><u>Total Hours</u></b>
<b>1098-C</b>	151,000	18 min.	46,810

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

As suggested by OMB, our **Federal Register Notice** dated May 6, 2015 (**80 FR 26154**), 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. There are no estimated annual costs to the respondent.

## **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 the form is \$6,500.

## **15. REASONS FOR CHANGE IN BURDEN**

The addition of a box for collection of Odometer mileage data was added to ensure the compliance for claiming non cash charitable contribution by matching Forms 1098-C, submitted with individual tax returns, to those filed by charitable organizations. The subsequent vehicle identification fields are retained and renumbered to allow for the Odometer mileage line item, Box 2a.

Due to updates in the estimated filers of this form, the number of responses has increased to 151,000.

**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**

See below.

**18. EXCEPTIONS TO THE CERTIFICATION STATEMENT**

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.

**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 supplied 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.