

## **SUPPORTING STATEMENT**

**1545-2219**

Form 14242 and Form 14242 (SP)

Reporting Abusive Tax Promotions or Preparers / Informe las Presuntas Promociones de Planes

### **1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

The SBSE Lead Development Center (LDC) was established in April 2002 as authorized in Delegation Order No. 193. The LDC's overall objective is to identify and deter individuals who promote abusive tax schemes and/or prepare abusive returns. The LDC evaluates and develops information from internal and external sources. Additionally, internet research is conducted to identify promoters/preparers and detect promotional material that market abusive tax schemes through the Internet. As the national clearinghouse for promoter and preparer leads, LDC's role is to conduct research and develop leads relating to abusive transactions.

### **2. USE OF DATA**

The collection of information is necessary to obtain leads for suspected abusive tax schemes and the tax return preparers or individuals who promote such schemes.

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

IRS Publications, 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 attempted to minimize the burden on small businesses or other small entities wherever possible.

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

The consequences are that the taxpayers will not have a simplified method to report the information necessary to report an abusive tax avoidance schemes. IRS will have to spend more taxpayer assistance resources to collect this data

through other means. This will compromise the Agency's ability to enforce tax compliance. Tax compliance is a vital part of the government's ability to meet its' mission and serve the public.

**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 14242. In the past, the IRS requested comments in a Federal Register notice (76 FR 57803), dated September 16, 2011.

In response to the Federal Register notice (80 FR 52540), dated August 31, 2015, we received no comments during the comment period regarding this form.

**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 "Return Review Program" (RRP) system and a Privacy Act System of Records notice (SORN) has been issued for this system under the following systems:

Treasury/IRS 34.037 .....	IRS Audit Trail and Security Records System
Treasury/IRS 42.021.....	Compliance Programs and Projects Files
Treasury/IRS 22.054.....	Subsidiary Accounting Files

Treasury/IRS 22.062..... Electronic Filing Records  
 Treasury/IRS 24.030..... CADE Individual Master File  
 Treasury/IRS 46.050..... Automated Information Analysis 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**

	<u>Responses</u>	<u>Time per Response</u>	<u>Total Burden</u>
Form 14242	360	10 minutes	60 hours
Form 14242(SP)	<u>100</u>	10 minutes	<u>17 hours</u>
	<b>460</b>		<b>77 hours</b>

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

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

There is no start-up cost associated with this collection.

**14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT**

There are no estimated annualized costs to the federal government.

**15. REASONS FOR CHANGE IN BURDEN**

There were no material changes being made to Form 14242 at this time. We are making this submission to add the Spanish translation of the form (Form 14252 (SP)). This addition adds an estimated 100 responses and additional 17 hours to the overall burden estimate. The agency addressed and made corrections relating to the terms of clearance raised by OMB relating to the burden estimates previously reported and the PTIN reference on line 4 of the form.

Specifically, the agency updated the burden estimate to 10 minutes versus the 10 hours that was previously reported due to a clerical error. In addition, the agency ensured consistency with the instructions. The form also includes a section that requests the social and/or PTIN of the tax preparer in the 2015 revision, as the IRS is using the PTIN now to identify paid tax return preparers. The editorial change of the PTIN does not affect burden of Form 14242.

We are making this submission to reinstate 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**

See attachment.

**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.