

Supporting Statement for OMB Form 83-I
Information Referral
(1545-1960)

1. **CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Individuals wishing to report alleged tax violations may contact a Toll-Free telephone operated by the Customer Service Function of the Internal Revenue Service (IRS). Here, an IRS employee would transcribe information provided by the caller to an internal form. Persons calling who do not have all of the required information to complete the form are advised to re-contact the Service after obtaining the necessary facts. Completed forms are subject to review and forwarded to appropriate areas as dictated by the instructions in the Internal Revenue Manual (IRM). Experience has shown only a small number of these referrals result in any further action by the Service.

Recent and pending Funding constraints have it necessary for Customer Service to consider several program areas where reductions might be made. The objective was to reduce costs and preserve essential tax related services to our customer base. It has been determined we can obtain essentially the same information regarding alleged tax violations from the public without the need to provide live service. This will allow the Service to re-deploy highly skilled employees presently performing this duty to other tax program areas.

Form 3949-A provides callers with a form that may be completed at the convenience of the caller. The form has been designed to capture the essential information needed by IRS for an initial evaluation of the report. Upon return, the Service will conduct the same back-end processing required under present IRM guidelines.

Submission of the information to be included on the form is entirely voluntary on the part of the caller and is not a requirement of the Tax Code.

2 **USE OF DATA**

Form 3949-A captures the data regarding alleged violations tax law. Any additional information burden is minimized. The data that is or will be required is the minimum required to identify a potential violator and conduct an initial review for potential follow-up action. This includes:

- a. Name, address, Identification Number (Individual and/or Business), occupation, marital status, and date of birth. This information is required to identify the potential violator in our database(s).
- b. Alleged violation. Determines appropriate area for any follow-up action.
- c. Unreported Income and Tax Years. Same as above. Amount and of tax years involved determine where referral is routed.
- d. Remarks. For caller to describe the alleged violation, how the information was obtained.
- e. Name, address, and contact telephone number of the caller. Needed if additional facts or information is required to evaluate the report.

3 USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We have no immediate plans to offer electronic filing due to the low volume of respondents compared to the cost of electronic enabling.

4 EFFORTS TO IDENTIFY DUPLICATION

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

5 METHODS TO MINIMIZE BURDEN ON SMALL BUSINESS 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

The consequences are that the 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 ELINES 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 THE 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 3949-A.

In response to the Federal Register notice dated May 19, 2015, (80 FR 28763), we received no comments during the comment period regarding Form 3949-A.

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 “Compliance Data Warehouse (CDW)” system and a Privacy Act System of Records notice (SORN) has been issued for this system under:

- IRS 22.034--Individual Returns Files, Adjustments and Miscellaneous Documents
- IRS 22.054--Subsidiary Accounting Files
- IRS 22.060--Automated Non-Master File (ANMF)
- IRS 22.062--Electronic Filing Records
- IRS 24.030--CADE Individual Master File (IMF)
- IRS 24.046--CADE Business Master File (BMF)
- IRS 26.020--Taxpayer Delinquency Investigation (TDI) Files
- IRS 34.037--IRS Audit Trail and Security Records System
- IRS 42.008--Audit Information Management System (AIMS)
- IRS 42.021--Compliance Programs and Projects Files

The Internal Revenue Service PIAs 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>Form</u>	<u>Number of Responses</u>	<u>Time Per Response</u>	<u>Total Hours</u>
3949-A	215,000	15 Minutes	53,750

Estimates of the annualized cost to respondents for the hour burdens shown are estimated at \$1,220,662.50.

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

As suggested by OMB, our Federal Register notice dated May 19, 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 response from taxpayers on this subject. As a result, there is no start-up costs associated with this collection.

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

The primary cost to the government consists of the costs of printing Form 3949-A. We estimate the cost of printing the form is \$4,000.

15 **REASON FOR CHANGE IN BURDEN**

There is no change in the paperwork burden previously approved by OMB. This form is being submitted for renewal purposes only.

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 ON OMB 83-1**

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 U.S.C. 6103.

