

SUPPORTING STATEMENT

Employer's Annual Employment Tax Return and Adjusted Employer's Annual Employment Tax Return or
Claim for Refund
Forms 944, 944(SP), 944-X, and 944-X (SP)
1545-2007

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

In 2006, the IRS introduced Form 944 and 944(SP) to allow certain employers to file their employment tax returns annually and pay the taxes due with their returns. The IRS' goals for the Form 944 and 944(SP) Program are to reduce taxpayer burden for eligible employers that would normally file Form 941 or 941 (PR) Employer's QUARTERLY Federal Tax Return, with little or no employment taxes due and to maintain and possibly improve current filing and payment compliance levels. This form is being offered in both English and Spanish.

The information must be collected to ensure employers are collecting and paying the correct amount of social security tax, Medicare tax, and withheld income tax. The authority for Forms 944 and Form 944(SP) is section 6011 of the Internal Revenue Code and sections 31.6011(a)-1T and 31.6011(a)-4T of the employment tax regulations.

Employers who discover an error on a previously filed Forms 944 or 944-SP use Form 944-X or Form 944-X(SP), respectively, to correct the error and either make a payment, claim a refund, or request abatement.

2. USE OF DATA

The information collected will be used by the Internal Revenue Service to ensure employers collect and pay the correct amount of social security tax, Medicare tax, and withheld income tax.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

All forms in the 944 series are available electronically (fillable and fileable).

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available for use or adaptation from another source.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

Burden on employers who file Form 944 or Form 944(SP) will be decreased because Form 944 or Form 944(SP) is filed once per year. These employers will not have to file Form 941 quarterly (four times per year).

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

A less frequent collection of the information will not allow the IRS to determine the information

that must be collected to ensure employers are collecting and paying the correct amount of social security tax, Medicare tax, and withheld income tax. 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. Additionally, not obtaining this information will not allow the IRS to meet its mission.

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 944, 944-SP, 944-X, and 944-X(SP).

In response to the *Federal Register* notice (80 FR 77704), dated 12/15/2016, we received no comments during the comment period regarding Form 944, 944-SP, 944-X, and 944-X(SP).

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 "Electronic Filing of 94x XML, 94X XML" and "Business Master File (BMF)". Privacy Act System of Records notice (SORN) has been issued for these systems under: Treas/IRS 24.046 BMF Treas/IRS, 34.037 Audit Trail and security records system, IRS 24.046-Customer Account Data Engine Business Master File and Treas/IRS 34.047 audit trail and security records system. The Internal Revenue Service PIA's can be found at:

<https://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

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
31.6011(a)-4T	Form 944	133,000	1	133,000	15.93	2,118,690
31.6011(a)-4T	Form 944-SP	2000	1	2000	15.93	31,860
31.6011(a)-4T	Form 944-X	1900	1	1900	20.51	38,969
31.6011(a)-4T	Form 944-X(SP)	100	1	100	20.51	2,051
Totals		137,000		137,000		2,191,570

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

To ensure more accuracy and consistency across its information collections, IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, IRS will update this information collection to reflect a more precise estimate of burden and costs.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

To ensure more accuracy and consistency across its information collections, IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, IRS will update this information collection to reflect a more precise estimate of burden and costs. The primary cost to the government is estimated to be \$1,722,708.

15. REASONS FOR CHANGE IN BURDEN

There is a change in the paperwork burden previously approved by OMB. The agency has updated the number of responses based on most recent data on the number of filings. The 944 program is only for taxpayers with \$1,000 less in taxes during the year. As our economy has improved, the number of eligible taxpayers has decreased. In addition, taxpayers are allowed to opt out of the 944 program and elect to file quarterly Forms 941 which may contribute to decreased volumes.

Form 944 had 547,000 less filers resulting in a 8,054,110 hour burden reduction.

Form 944 Change in estimate	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses for this IC	133000	0	0	-547000	0	680000
Annual IC Time Burden (Hours)	2118690	0	0	-8054110	0	10172800

Form 944(SP) had form changes due to agency discretion that reduced the preparation time from 95.15 hours per response to 54.60 hours per response resulting in a reduction of burden of 1,733,420 hours. Additionally, there were 118,000 less filers resulting in a 29,920 hour burden reduction.

Form 944(SP) Form changes and estimates	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses for this IC	2000	0	0	-118000	0	120000
Annual IC Time Burden (Hours)	31860	0	-1733420	-29920	0	1795200

Form 944-X had 98,100 less filers resulting in a 2,012,031 hour burden reduction.

Form 944-X change in estimate	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses for this IC	1900	0	0	-98100	0	100000
Annual IC Time Burden (Hours)	38969	0	0	-2012031	0	2051000

Form 944-X(SP) had form changes due to agency discretion that reduced the preparation time from 20.51 hours per response to 15.31 hours per response resulting in a reduction of burden of 520 hours. Additionally, there were 99,900 less filers resulting in a 1,529,469 hour burden reduction.

Form 944-X(SP) change in form and estimate	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses for this IC	100	0	0	-99900	0	100000
Annual IC Time Burden (Hours)	2051	0	520	-1529469	0	1531000

Form 944-X (PR) has been removed from the collection (agency discretion) and contributes to the decrease in burden by 152,300 hours. It has become obsolete as Form 944-X (SP) serves the same purpose.

Form 944-X(PR) Removed	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses for this IC	0	0	-10,000	0	0	10,000
Annual IC Time Burden (Hours)	0	0	-152,300	0	0	152,300

The adjustment to the agency estimates for respondents accounts for approximately 86% of the decrease in burden (from 15,702,300 to 2,191,570). Form changes accounts for the remaining burden estimate decrease (1,010,000 to 137,000).

The cumulative change for all the Forms in the collection is a reduction of 10,000 respondents due to change in agency discretion resulting in a reduction of 1,885,200 in burden hours. And an overall reduction in estimated filers of 863,000 resulting in a reduction of 11,625,530 in burden hours.

	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses	137,000	0	-10,000	-863,000	0	1,010,000
Annual Time Burden (Hr)	2,191,570	0	-1,885,200	-11,625,530	0	15,702,300

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

IRS believes that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the form and / or regulation sunsets as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of the 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.

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.