

**SUPPORTING STATEMENT**  
1545-2026  
Form 13797 - Compliance Check Report

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

As part of its overall compliance strategy, the Office of Indian Tribal Governments (ITG) routinely performs compliance checks. A compliance check involves checking entities' current records for adherence to filing and reporting requirements, regulations, correctness and understanding of federal tax obligations.

The Tribal Evaluation of Filing and Accuracy Compliance (TEFAC) form is an automated, customer completed version of the same compliance check performed by ITG specialists. The customer, with phone support from ITG, completes the compliance check and submits it back to their assigned ITG specialist.

This form will be provided to tribes/entities that elect to perform a self compliance check on any or all of their entities. This is a VOLUNTARY program, and the entity is not penalized for non-completion of forms or withdrawal from the program. Upon completion, the information will be used by the Tribe and ITG to develop training needs, compliance strategies, and corrective actions.

Tribes can come into the programs in two ways. First, if they are notified that they have been randomly selected for a compliance check, they can voluntarily request to opt-in to the TEFAC program instead. In this situation, if the customer is unable or unwilling to complete the template, ITG will continue with a traditional compliance check. Second, a tribe may request, at any time, to complete the TEFAC form. In this situation, if the customer is unable or unwilling to complete the template, no further action is taken.

The TEFAC form gives the customer a chance to self-identify and correct problems. With a favorable rollout and reportable success, ITG sees this as a key to more efficient operations while increasing customer compliance and conformance.

**2. USE OF DATA**

The data collected from TEFAC forms is used in exactly the same ways as standard compliance check data:

- ***Identify and resolve problems for the entity.*** Based on the responses received on the TEFAC form an assigned specialist can offer penalty mitigation where reasonable cause is noted; Suggest best practices to avoid future penalties, reporting requirements and federal obligations and regulations

requirements.

- ***Determine and suggest training.*** Based on the responses received on the TEFAC form, the assigned ITG specialist can uncover areas where the entity and/or entity employees need additional training such as federal reporting requirements.
- ***Program planning.*** All compliance check data, whether collected via TEFAC or the traditional method, will be analyzed by the Compliance and Program Management (CPM) staff yearly to determine ITG program emphasis, customer training topics and overall effect on compliance in follow through years.

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

The TEFAC form is an interactive, fillable Adobe Acrobat form. The customer will be able to complete this form using the free Adobe Acrobat Reader. The form will be transmitted between ITG and the entity via CD-ROM. Electronic transmission (e.g. email) of the completed form is not available due to the presence of taxpayer identification items on the form.

### **4. EFFORTS TO IDENTIFY DUPLICATION**

The TEFAC form is almost an exact duplicate of the compliance check form used by ITG specialists. Duplicate data collection is not a factor, since the customer will never be in a position where both are used. A customer that elects to complete the TEFAC will not be randomly selected for a traditional compliance check.

### **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**

Without the TEFAC program, compliance checks will all be done the traditional way. This causes more expense and burden on the government, with no effect on the customers. ITG anticipates very few filings in the initial years (20/year), but hopes that successful implementations, along with highlighting success stories will bolster the numbers in the future, bringing even more savings to ITG.

### **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 13797.

In response to the *Federal Register* notice (81 FR 23553), dated April 21, 2016, we received no comments during the comment period regarding Form 13797.

### **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 Environment, CDE" system and a Privacy Act System of Records notice (SORN) has been issued for this system under:

IRS 22.061 - Information Return Master File  
IRS 24.030 - CADE Individual Master File  
IRS 24.046 - CADE Business Master File  
IRS 42.001 - Exam Administrative Files  
IRS 34.037 - IRS Audit Trail and Security Records System  
IRS 42.021 - Compliance Programs and Project 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**

ITG expects no more than 20 respondents to respond once per year, for a total of 20 responses per year. A respondent generally will not respond in consecutive years, rather different respondents will submit the form each year. Based on data from the ITG database, each TEFAC form will take approximately 22 hours to complete, for a total burden of 446.60 hours. This includes time for examining records and completing the TEFAC form. Since compliance checks focus on current filing information (which should be readily available to the respondent) no data retrieval time has been included.

### **Hours Requested**

#### **Hours Per Respondent Calculation**

Number of Compliance Checks (ITG Database)	763
	1703
Total number of hours worked	6
<b>Number of Hours Used per Compliance Check</b>	<b>22.33</b>

#### **Total annual hours requested**

Number of Hours Used per Compliance Check	22.33
Estimated Number of Responses per Year	20
<b>Total annual hours requested</b>	<b>446.6</b>

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

As suggested by OMB, our Federal Register notice dated April 21, 2016 (81 FR 23553), 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, estimates of the cost burdens are not available at this time.

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

There are no additional costs to the government for implementation of TEFAC. ITG performs approximately 200 compliance checks per year, and all costs for classification, review, analysis, supplies, specialists, clerical and management support are already factored in. The government actually SAVES money when a

TEFAC form is completed since the specialist will only spend 2 hours per case as opposed to 22 hours. See table for complete breakout.

**Total Cost to Government per Year (for 20 Compliance Checks)**

	<b>TEFAC</b>	<b>Traditional</b>
	\$5,230.40	\$21,270.40
<b>Number of Review Hours Used per Compliance Check</b>	<b>1.76</b>	<b>1.76</b>
GS 13/5 Wages per Hour	\$40.10	\$40.10
<b>Total Review Cost per Case</b>	<b>\$70.58</b>	<b>\$70.58</b>
<b>Number of Classification Hours Used per Compliance Check</b>	<b>1.00</b>	<b>1.00</b>
GS 13/5 Wages per Hour	\$40.10	\$40.10
<b>Total Classification Cost per Case</b>	<b>\$40.10</b>	<b>\$40.10</b>
<b>Number of Clerical Hours Used per Compliance Check</b>	<b>1.00</b>	<b>1.00</b>
GS 9/5 Wages per Hour	\$23.25	\$23.25
<b>Total Clerical Cost per Case</b>	<b>\$23.25</b>	<b>\$23.25</b>
<b>Number of Management Hours Used per Compliance Check</b>	<b>1.00</b>	<b>1.00</b>
GS14/5 Wages per Hour	\$47.39	\$47.39
<b>Total Management Cost per Case</b>	<b>\$47.39</b>	<b>\$47.39</b>
<b>Number of Specialist Hours Used per Compliance Check</b>	<b>2.00</b>	<b>22.00</b>
GS 13/5 Wages per Hour	\$40.10	\$40.10
<b>Total Specialist Cost per Case</b>	<b>\$80.20</b>	<b>\$882.20</b>

WAGE INFORMATION FROM

[https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2016/GS\\_h.pdf](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2016/GS_h.pdf).

**15. REASONS 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**

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 supplies 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.