

SUPPORTING STATEMENT

Form 14417: Reimbursable Agreement - Non-Federal Entities
&
Form 14417-A: Statistics of Income - User Fee
OMB Control Number #1545-2235

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The authority to perform services on a cost reimbursable basis is contained in sections 6103 (p) and 6108 (b) of the Internal Revenue Code. The IRS enters into cost reimbursable agreements to provide services to federal and non-federal entities.

Form 14417 replaces the form that the IRS had been using for all non-federal agreements, Agreement Covering Reimbursable Services (Form 5181), which expired October 1, 2012.

Section 6103(p) of the Internal Revenue Code (IRC) provides specific requirements for federal, state, and local organizations to safeguard federal tax returns and return information as a condition of receiving the information. IRS Publication 1075, Tax Information Security Guidelines for Federal, State, and Local Agencies (OMB No. 1545-0962) provides additional guidelines.

Section 7213 of the IRC makes unauthorized disclosure of return information a felony punishable by a fine not to exceed \$5,000 or imprisonment of not more than 5 years, or both, together with the costs of prosecution. Section 7213A makes unauthorized inspection of a return or return information punishable by a fine up to \$1,000, or imprisonment of not more than one year, or both, together with the costs of prosecution. Section 7431 makes persons who knowingly or negligently make an unauthorized disclosure of a return or return information liable for civil damages.

Form 14417-A, Statistics of Income - User Fee, is used after a customer contacts the Statistics of Income (SOI) Division requesting data not already available on our TaxStats IRS website.

2. USE OF DATA

The IRS needs the requesting entity's contact information, taxpayer identification number (TIN), or employee identification number (EIN), the search of vendor data under

the Dun and Bradstreet Universal Numbering System (DUNS), and the requester's agreement ratification signature to execute the agreement.

The IRS uses the requesting entity's billing address, taxpayer identification number (TIN) or employee identification number (EIN) and the Dun and Bradstreet Universal Numbering System (DUNS) data collection to process the advance payment check and to account and reconcile costs of completed services during the life of the reimbursable agreement.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There are no plans to provide electronic filing because electronic filing is not appropriate for the collection of information in this submission.

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

If the IRS did not collect this information, we would not be able to execute reimbursable agreements without collecting this information, which means that we would have to stop performing services for non-federal entities. Based on the unique mission of the IRS, we are often the only organization that could provide these services.

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 various professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding the collection requirements under Form 14417 and 14417-A.

In response to the *Federal Register* notice dated May 10, 2016 (81 FR 28941), we received no comments during the comment period regarding Forms 14417 and 14417-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

No personally identifiable information (PII) is collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The IRS enters into approximately 300 non-federal agreements with state and local governments, foreign governments, commercial organizations, and private businesses.

Form 14417 and Form 14417-A will be available for download from IRS.gov to reduce paperwork burden potential and save time and effort. The requesting entity or Buyer completes the program contact information section, the requested services section, the Buyer's finance office information section, including the requester's TIN and DUNS number, the payment method section, and signs the form authorizing payment in advance.

Form 14417 is 2.5 pages long, has a Legal Terms and Conditions section, and a 2.5 page instructions section. The form takes from 15-30 minutes to complete depending upon the requesting entity, with an annual burden of about 150 hours for all customers. State, local, and foreign government levels tend to request information throughout the year and are familiar with the form while commercial organizations and

private businesses may request services sporadically, and take more time.

Total annual burden for Form 14417 is approximately 150 hours.

For Form 14417-A, we project that we will have approximately 10 similar requests per year. The estimated time per completion is 1 hour per response. This will increase the annual estimated burden by 10 hours per year.

	<u>Responses</u>	<u>Time per Response</u>	<u>Total Burden Hours</u>
Form 14417	300	.50 hours.	150 hours.
Form 14417-A	<u>10</u>	1 hour.	<u>10 hours.</u>
	310		160 hours.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The forms are similar to the ones that are used for federal interagency agreements, and include the collection of billing and accounting information needed to execute a cost reimbursable agreement for services from the IRS. The cost burden would be minimal.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The estimated annualized cost to the IRS to maintain and populate these forms is \$80,000. This is a direct labor cost. This cost is necessary to ensure proper internal controls over administration and oversight of reimbursable agreements.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. We are making this submission for renewal purposes.

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

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the form 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 for this collection.

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.