

**Supporting Statement  
(Form 1099-OID)  
OMB No. 1545-0117**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

IRC section 6049 requires payers of original issue discount (OID) of \$10 or more to file a return showing the OID for the calendar year for each payee. Regulations sections 1.6049-4 and 1.6049-7 require that Form 1099 be used to report OID.

**2. USE OF DATA**

IRS uses the data to verify that recipients are correctly reporting original issue discount on their tax returns.

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

Approximately 99% of Forms 1099-OID are filed on magnetic media.

**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, the IRS would not be able to verify that recipients are correctly reporting original issue discount on their tax returns.

**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 1099-OID.

In response to the Federal Register notice (81 FR 44089), dated July 6, 2016, we received no comments during the comment period regarding Form 1099-OID.

**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**

	<u>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
Form 1099-OID	1,966,000	.22	432,520
Form 1099-OID Bx 9	1,000,000	.02	<u>20,000</u>
			452,520

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

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0117 to these regulations.

1.6049-1 thru 5	1.67-3T
1.6049-7	1.860D-1
1.860F-4T	35a.9999-3 Q/A 89
1.6049-7T	

We have reviewed the regulations and have determined that the reporting requirements contained in them are entirely reflected on the form. The justification appearing in item 1 of the supporting statement applies both to the regulations and to the form.

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

There are 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 cost of printing this form. We estimate that the cost of printing the form is \$94,754.

**15. REASONS FOR CHANGE IN BURDEN**

We added Box 10 (Bond premium) during the 2015-2016 tax year (This change stems from the reporting required beginning in 2016)(Regs. 1.6045-1(n)(3)). New box 11 (Tax-exempt OID)(for a tax-exempt obligation that is a covered security acquired on or after January 1, 2017) was also added.

The above changes will result in a program change increase of 58,980 hours.

The estimated number of responses has decreased by 701,000. The change in agency estimates results in a burden decrease of 133,190 hours.

We are also making this submission to renew 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**

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. EXCEPTION 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.

