

Supporting Statement  
OMB Control Number 1545-0028  
(Form 940/940-PR)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Form 940 is used by employers to file and pay Federal unemployment taxes. Internal Revenue Code section 3301 imposes the Federal unemployment tax of 6.2% on the first \$7,000 of annual wages (section 3306(b)(1)) paid to each employee. The employer is allowed a credit not to exceed 5.4% of the taxable wages (section 3302(b)), against the gross tax for amounts the employer pays (contributions) to state unemployment funds. The tax is figured and reported on Forms 940 and 940-PR (Puerto Rico employers only). If contributions are paid after the due date of the forms, the employer is allowed only 90% of the credit (section 3302(a)(3)) that otherwise would have been allowable if they had been paid by the due date.

2. USE OF DATA

The IRS will use the information reported on Forms 940 and 940-PR to ensure that employers have figured and reported the correct Federal unemployment wages and tax.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are currently offering electronic filing on Forms 940 and 940-PR.

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. Small Entities (those who pay less than \$1,500 in wages for every quarter in two consecutive years AND who do not employ

at least one person for at least 20 days (the days being in different weeks) for the current year or preceding year do not have to pay FUTA taxes. The form has been structured to request the least amount of information and still satisfy the requirements of the statute and the needs of the Service.

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

If the IRS did not collect this information, the taxpayer would not have the means to calculate the correct Federal unemployment taxes. This would impact their tax liability and the revenue needed to support the Federal government.

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 Forms 940 and 940-PR.

In response to the *Federal Register* notice dated October 25, 2016, (81 FR 73475), we received no comments during the comment period regarding Forms 940 and 940-PR.

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 "Business Master File (BMF)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.046-Customer Account Data Engine Business Master File; IRS 34.037 Audit Trail and Security Records system; IRS 22.062 Electronic Filing Records and Automatic Non-Master File (ANMF).

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

The reporting burden for Forms 940/940-PR and existing regulations associated with them is as follows:

Form	Number of Responses	Time per Response	Total Hours
940	1,332,000	12.32	16,410,240

Schedule A (F940)	5,421,000	16.28	88,253,880
940 WKST	20,000	2.06	41,200
940-V	14,652	.44	6,447
940-PR	35,000	11.51	402,850
Anexo A (940-PR)	4,000	18.71	74,840
940-PR WKST	1,400	1.18	1,652
940-V (PR)	1,000	.74	740
Schedule R (940)	7,000	11.34	79,380
Total	6,836,052		105,271,229

\*\*\*The burden estimates for Form Schedule- R(940) instructions, will be updated in the next revision to reflect the same burden estimates as the burden worksheet.

The following regulations impose no additional burden. Please continue to assign OMB 1545-0028 to these regulations.

31.3302(b)-2	31.3302(a)-2
	31.3302(a)-3
31.3302(e)-1(c)	31.6011(a)-3(a)
	31.6011(a)-3(b)
31.6011(a)-6(b)	31.6071-(a)-1(c)
	31.6081(a)-1(b) &(c)
31.6081(a)-1(a)	31.6091-1 31.6011(a)-
	5,8,9
31.6001-4	

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There were no estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services provided to respondents.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The primary cost to the government consists of the cost of printing these forms. We estimate that the cost to print the forms is \$11,443.

15. REASONS FOR CHANGE IN BURDEN

The change in burden reflects the removal of burden associated with previously produced (preprinted) versions of the payment voucher forms (940-V and 940-V(PR)). The discontinuation of the production of these preprinted forms will result in a total burden decrease of 24,141 hours and an estimated 164,868 responses.

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 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, at 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.

18. EXCEPTION 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.

