

SUPPORTING STATEMENT
OMB No. 1545-2242

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Information is being collected in order for the IRS to ensure that individuals and business entities are not abusing the EIN application process. Without such information, the IRS must expend significant resources to determine the true ownership information of entities that hold EINs. The likely respondents are individuals and entities that currently hold an EIN and need to update information regarding the entity's ownership information, including the identity of the entity's "responsible party."

The regulation is attempting to establish guidelines on maintaining the proper contact information as it relates to a particular EIN. Some of the general contact information would be name, address, phone information, updated application information regarding the name and taxpayer identifying number of the responsible party. This requirement covers those persons who previously applied for an EIN.

Following the publication of these final regulations, the IRS will publish the relevant form for persons issued an EIN to use to disclose the correct application information to the IRS. The relevant form will require these persons to update application information regarding the name and taxpayer identifying number of the responsible party within the application timeframe. These final regulations are applicable as of January 1, 2014, so that the IRS can publish the relevant form and instructions in advance of the applicability date.

2. USE OF DATA

The information collected will better allow the IRS to gather correct ownership information with respect to the EIN applicant. In turn, the IRS can use that knowledge to contact the correct persons when resolving tax matters related to businesses with EINs and to help combat schemes that abuse the tax system through the use of nominees.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Currently, the IRS requests that the entity voluntarily update its application information by submitting a letter with the updated information. It is the intent of the IRS to develop a new form in the near future that will capture the updated information.

4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible.

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

Not applicable.

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

Not applicable.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

Not applicable.

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

This notice of proposed rulemaking (REG-135491-10) was published in the Federal Register on March 14, 2012, at 77 FR 15004, and provided the public comment period relating to any aspect of the proposed regulation. The IRS did not receive any request for a public hearing.

The IRS received several written comments in response to the proposed regulations. One comment supported the rule in the proposed regulations requiring any person issued an EIN to provide updated information to the IRS in the manner and frequency required by forms, instructions, or other appropriate guidance (including updated application information regarding the name and taxpayer identifying number of the responsible party). This commentator also recommended changes to either the Form SS-4, Application for Employer Identification Number, or the Form 5500, Annual Returns/Reports of Employee Benefit Plan, to require additional information confirming the active status of a trust's EIN. Alternatively, the commentator suggested that the IRS could use a postcard to confirm the active status of trusts for EIN purposes. Although these suggestions are outside the scope of the regulations, the IRS will take them into consideration during future updates of those items.

Three of the comments did not support the rule in the proposed regulations. Two commentators objected to the increased burden on entities resulting from the updating requirement and questioned the necessity of this requirement. Additionally, two commentators suggested that the estimated annual average burden of 15 minutes provided in the Paperwork Reduction Act section of the proposed regulations underestimated the actual burden to entities and their agents. These comments were addressed in the final regulation stating the estimate of 15 minutes in the "proposed regulation is an estimate of the burden in reporting and disclosing the correct application information to the IRS, not the burden an entity or its agent may incur in determining this

information. These comments can found on Regulations.gov. Treasury and the IRS have considered these comments and determined to adopt the proposed regulations without change.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS.

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

The information required by these proposed regulations is protected by 26 U.S.C. § 6103. Other information may be protected because it is proprietary in nature.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

No personally identifiable information is collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The IRS will publish the relevant form for persons issued an EIN to use to disclose the correct application information to the IRS. The relevant form will require these persons to update application information regarding the name and taxpayer identifying number of the responsible party within the application timeframe.

We estimate the total number of respondents at 1,612,708 with the estimated average response time of 15 minutes or .25 hours, with a total annual hours requested of 403,177.

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

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Not applicable.

15. REASONS FOR CHANGE IN BURDEN

This is a new collection of information.

IRS is re-submitting this information collection in association with OMB's action to file comments on proposed rule, REG-135491-10, Updating of Employer Identification Numbers, pending final regulations.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

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 requirements set forth in these proposed regulations will sunset 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 ON OMB FORM 83-I

Not applicable.