

SUPPORTING STATEMENT
Internal Revenue Service
(Form 1098) Mortgage Interest Statement
OMB #1545-0901

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 6050H of the Internal Revenue Code requires mortgagors to report mortgage interest, including points, of \$600 or more paid to them during the year by an individual.

2. USE OF DATA

The information collected by Form 1098 is used by IRS to verify that taxpayers have deducted the proper amount of mortgage interest expense on their tax returns. It is also used to verify that taxpayers have reported the proper amount of mortgage interest refunds in income on their tax returns.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are currently offering electronic filing for Form 1098.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available for use or adaptation from another source.

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

A less frequent collection of this information, would not allow the IRS to verify that taxpayers have deducted the proper amount of mortgage interest expense on their tax returns. It is also used to verify that taxpayers have reported the proper amount of mortgage interest refunds in income on their tax returns. The IRS would be unable to meet its mission if the information was not collected.

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 1098.

In response to the Federal Register notice dated April 27, 2017 (82 FR 19455), we received comments during the comment period regarding Form 1098.

IRS received identical comments from the following entities listed in the table below. They have the following concerns regarding the Form 1098.

- There are problems associated with Box 8 requiring an address when agriculture properties don't have addresses. The proposed solution was leave Box 8 blank if there is no address.
- Box 9 the street address is not applicable to agriculture property therefore no APN or other tax identifiers are available. The proposed solution is to include a checkbox indicating the property is agriculture property or leave the legal description space in Box 9.
- For Box 10, the number of agricultural properties are not available to the agricultural lender. The proposed solution is to allow Box 10 to define property to mean any physical address or APN or allow "multiple" as an entry.

Entity
AgCountry Farm Credit Services
AgFirst Farm Credit Bank
AgGeorgia Farm Credit
Cape Fear Farm Credit
Farm Credit Bank of Texas
Farm Credit Council
Farm Credit MidAtlantic
Farm Credit Central Florida
Farm Credit of Florida
Farm Credit Services of America
Farm Credit Southwest Georgia
Farm Credit West
Western Ag Credit

Comments received suggested changes to the form.

IRS provides the following response with regard to the proposed solutions applicable to Box, 9 and 10. A Recent Development Announcement (RDA) will be placed on the form 1098 webpage (IRS.gov/Form1098), as well as in the Post-Release Changes to Forms and Pubs section of

IRS.gov, which will allow issuers of the 2017 Form 1098 to report in box 9 a description, as complete as possible, of the real estate securing a mortgage. The RDA will also define “property” as it is used in box 10 to refer to any single physical street address, 911 address, lot, parcel, APN, or tract of land. Finally, if more than one property secures the mortgage, a number corresponding to the number of properties that secure the mortgage must be entered in box 10. These changes will be carried over into the 2018 Instructions for Form 1098.

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

No payment or gift will be provided to any respondents.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax information are confidential as required by 26 USC 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

In accordance with the Privacy Act of 1974, Treasury has published its complete Privacy Act systems of records notices, which include all maintained records systems as of January 2, 2014; six systems have been amended, altered, or added since April 20, 2010, when the complete notices were last published. See 79 F.R. 209-261 and 79 F.R. 183-206, which was published on January 2, 2014.

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. The Internal Revenue Service PIAs can be found at <http://www.treasury.gov/privacy/PIAs/Pages/default.aspx>.

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

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC § 6050H	Form 1098	171,000	474.45	81,132,333	.22	17,849,114
Totals		171,000		81,132,333		17,849,114

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

The following are related regulations which impose no additional burden. Please continue to assign OMB number 1545-0901 to these regulations.

1.6050H-1

1.6050H-2

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

Estimates of the annual cost burdens are not available at this time

14. ESTIMATED ANNUAL 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 1098 is \$133,899.

15. REASONS FOR CHANGE IN BURDEN

The annual time burden for Form 1098 increased due to agency discretion regarding changes to the Form and updated filer numbers.

Box 2 was added to report "Outstanding mortgage principal". Box 3 was added to report "Mortgage origination date". We added new text in box 7 reflecting that if the box is checked, this is the same address as the property securing the mortgage and that this is the same address as the Payer/Borrower. Box 8 was added to report the "Address of property securing mortgage". Box 9 was added for "reporting the description of a property" without a street address. Reporting requirement will be addressed in the separate Instructions for Form 1098. Box 10 was added to report the "Number of mortgaged properties", if more than 1 address on this form and box 11 for "Other".

The above changes will result in a program change increase of 8,113,234 hours, with a new total burden of 17,849,114 hours.

We also receive updated filing figures from Publication 6961, Calendar Year Projections of Information and Withholding Documents, which resulted in an adjustment increase of 14,143,748 and annual responses and a resulting increase of 1,697,181 burden hours that contribute to the total 17,849,114 burden hours.

	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses	81,132,333	0	.0	14,143,178	0	66,989,155
Annual Time Burden (Hr)	17,849,114	0	8,113,234	1,697,181	0	8,038,699

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis, and publication.

17. REASONS WHY DISPLAYING THE OMB 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 IRS 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.

Note: The following paragraph applies to all 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 U.S.C. 6103.