

SUPPORTING STATEMENT
Internal Revenue Service
(Form 1099-B) Proceeds From Broker and Barter Exchange Transactions
OMB 1545-0715

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code section 6045 and the regulations there under require brokers to submit an information return (Form 1099-B) to report the gross proceeds from transactions, and barter exchanges to submit an information-return with respect to exchanges of property or services.

2. USE OF DATA

The form will be used by IRS to verify compliance with the reporting rules and to verify that the recipient has included the proper amount of income on his or her return.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are currently offering electronic filing on Form 1099-B.

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

The collection of information requirement will not have a significant economic impact on a substantial number of small entities.

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

A less frequent collection would prevent the IRS from verifying compliance with the reporting rules and verifying that the recipient has included the proper amount of income on his or her return thereby preventing the IRS from meeting its mission to determine compliance with tax law requirements from section 6041(a) and 6041A.

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-B.

In response to the **Federal Register** Notice (82 FR 21459), dated May 08, 2017, we received no comments during the comment period regarding Form 1099-B.

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

“ Filing Information Return Electronically (FIRE)” and “Service Center Recognition Image Processing System”. The Privacy Act System of Records Notice (SORN) has been issued for this system under IRS 22-061-Individual Master File Taxpayer Services; IRS 24.030-Customer Account Data Engine Individual Master File; IRS 24.046-Customer Account Data Engine Business Master File; and IRS 34.037-IRS Audit Trail and Security Records System. The Internal Revenue Service PIAs can be found at

<http://www.treasury.gov/privacy/PIAs/Pages/default.aspx>.

Name, SSN, TIN, and address are collected as authorized by 26 USC 6109.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Annual Responses and Burden with Changes:

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC § 6045	Form 1099-B	1,434,809,803	1	1,434,809,80	.47	674,360,608

				3		
Totals				1,434,809,803		674,360,608

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

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0715 to these regulations.

1.6045-1(a)(15)

1.6045-1(g)

We have reviewed the above regulations and have determined that the reporting requirements contained in them are entirely reflected on Form 1099-B. The justification appearing in item 1 of the supporting statement applies to both these regulations and to Form 1099-B.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register** notice dated June 19, 2013, we requested public comments on estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. However, we did not receive any response from taxpayers on this subject. As a result, estimates of the cost burdens are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The primary cost to the government consists of the cost of printing Form 1099-B. We estimate that the cost of printing the form is \$175,046.

15. REASONS FOR CHANGE IN BURDEN

Public Law 111-147, Hiring Incentives to Restore Employment (HIRE) Act of 2010 ([Pub.L. 111-147](#)) enacted March 18, 2010, included the Foreign Account Tax Compliance Act (FATCA) to enforce the requirement for [United States persons](#) including those living outside the [U.S.](#) to file yearly reports on their non-U.S. [financial accounts](#). The Form 1099-B has been revised to reflect new textboxes to indicate if the account is a non-U.S. account and descriptions of the type of account. This increased burden associated with the new requirement of 5,880,594.

Form 1099-B has an increase in burden due to an increase in the number of filers. The filers increased from 117,611,875 to 1,434,809,803 an increase in filers of 1,317,197,928, resulting in associated burden hour increase of 619,083,026.

The total burden hour increase from 49,396,988 plus the burden associated with compliance to the FATCA requirements 5,880,594 plus the burden associated with the additional filers of 619,083,026 amount to a total burden hours requested of 674,360,614.

	Current	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 for this IC	1,434,809,803	0	0	1,317,197,928	0	117,611,875
Annual IC Time Burden (Hour)	674,360,608	5,880,594	0	619,083,026	0	49,396,988
Annual IC Time Per Response	.47	.05	0	0	0	42

The excerpt from Publication 6961 attributes a substantial increase in 1099 filings due to the increase in 1099-B filings. Excerpt as follows; IRS Office of Research staff within the Research, Applied Analytics and Statistics organization provide calendar year projections of information and withholding documents (IRP) on an annual basis to accommodate more recent filing experiences. These information documents also incorporate current legislative and administrative initiatives, as well as relevant economic and demographic trends. Forecasts of economic/demographic data used to develop some of these projections are provided by IHS Global Inc. The research to compose Publication 6961 shows a major portion of the net revision is driven by the increase in the projections of Form 1099-B (i.e., 845.1 million more) and Form 1099-DIV (i.e., 3.4 million more). These upward revisions are in response to the actual CY 2015 and year to date (mid-July) CY 2016 filing experiences.

To ensure more accuracy and consistency across its information collections, IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, IRS will update this information collection to reflect a more precise estimate of burden and costs.

The current methodology for burden calculation of Form 1099-B is based on a paper filing system with some weight to computer preparation. Since modern methods of preparation and filing for Form 1099-Bs are nearly exclusively electronic, the current methodology used to compute burden is not representative of the modern methods of filing and preparation of Form 1099-B. Therefore, the burden hours listed are likely overstated due to the methodology and is compounded by the large increase of transactions reported on Form 1099-B. The future methodology will incorporate the increased use of technology that mitigates the time and cost and ease of filing of Form 1099-B.

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 ON OMB FORM 83-I

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.