

SUPPORTING STATEMENT  
OMB Control Number 1545-1629  
Form 8867

Paid Preparer's Due Diligence Checklist  
Earned Income Credit (EIC), Child Tax Credit (CTC), and American Opportunity Tax Credit (AOTC)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Form 8867 helps preparers meet the due diligence requirements of Code section 6695(g), which was added by section 1085(a)(2) of the Taxpayer Relief Act of 1997 and section 207 of the protecting Americans from tax hikes (PATH) Act of 2015; IRC sections 24, 25A, and 32. Paid preparers of Federal income tax returns or claims for refund involving the Earned Income Credit (EIC), the Child Tax Credit (CTC), Additional Child Tax Credit (ACTC), and or the American Opportunity Tax Credit (AOTC) must meet the due diligence requirements in determining if the taxpayer is eligible for the credits and the amount of the credit. Failure to do so could result in a \$510 penalty for each failure. Completion of Form 8867 is one of the due diligence requirements.

2. USE OF DATA

Paid preparers use the data to verify that a taxpayer is eligible to claim the EIC, CTC, ACTC, AOTC and meet due diligence requirements in determining the taxpayer's eligibility for, and the amount of, the EIC. The form must be submitted with the tax return of any taxpayer claiming the credits if a preparer was paid to complete the return. The IRS uses Form 8867 to determine if the due diligence requirements were met.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Electronic enabling is available for this form.

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 is no burden on small businesses or entities by this collection due to the inapplicability of the authorizing statute to this type of entity. Preparers may use an alternative record provided it contains the information required by the eligibility checklist.

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

Consequences of less frequent collection on federal programs or policy activities would result in

the Service unable to determine if the taxpayer meet the due diligence requirements to claim the credits for EIC, CTC, ACTC and AOTC under section 6695(g), thereby engendering the inability of the IRS to meet its mission.

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 8867.

In response to the Federal Register notice dated May 25, 2017 (82 FR 24206), we received no comments during the comment period regarding Form 8867.

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 "Employee Plans Master File (EPMF)" and Privacy Act System of Records notices (SORN) has been issued for these systems under Treasury/IRS 24.046-Customer Account Data Engine Business Master File; IRS 34.037-IRS Audit Trail and Security Records System; and Treasury/IRS 50.222-Tax Exempt/Government entities case Management Records. 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 burden estimate is as follows:

Authority	Description	Number of Respondents	Number Responses per Respondent	Annual Responses	Average Hours per Response	Total Burden
6695(g)	Form 8867	8,368,447	1	8,368,447	2.13 hrs.	17,824,793

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no start-up costs and costs of operation, maintenance, and purchase of services associated with this collection.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The primary cost to the government consists of the cost of printing Form 8867. We estimate that the cost of printing the form is \$1,700.

15. REASONS FOR CHANGE IN BURDEN

There is no change to burden previously reported to OMB. However, the form has been rewritten and redesigned to incorporate the additional due diligence requirements. We are 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. EXCEPTIONS 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.