

**SUPPORTING STATEMENT**  
**Internal Revenue Service**  
**1545-0001**  
**Employer's Annual Railroad Retirement Tax Return**  
**and**  
**Adjusted Employer's Annual Railroad Retirement Tax Return or**  
**Claim for Refund**  
**(Form CT-1 and Form CT-1X)**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Section 3201 of the Internal Revenue Code imposes a tax on railroad employees' earnings at a rate equal to the social security tax rate, as well as a tax on income commonly known as Tier II tax. Section 3221 imposes the equivalent of employer FICA tax and a Tier II tax, on the employer. Section 31.6011(a)-2(a)(1) of the employment tax regulations requires the employer to file Form CT-1 annually. Form CT-1X is used to file adjusted employer's annual railroad retirement tax return or claim for refund.

**2. USE OF DATA**

The information contained in these forms will be used by the Railroad Retirement Board for their use in reconciling amounts of earnings credited to employees' earnings accounts against the employer's tax payments. The data will be used by the Internal Revenue Service and taxpayers to verify that the proper amount of tax is reported and excluded.

**3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

IRS Publications, Regulations, Notices and Letters are to be electronically enabled on an as practicable basis in accordance with the IRS Reform and Restructuring Act of 1998. Electronic filing of Form CT-1 and CT-1X is not currently available due to the low number of filers. IRS has determined that the relatively low volume does not justify the cost of electronic enabling.

**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 collections of information in these forms 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**

Consequences of less frequent collection on federal programs or policy activities would consist of decreased amount of taxes collected by the Service, inaccurate and untimely filing of tax returns, and an increase in tax violations.

### **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 CT-1 and CT-1X.

We received no comments during the comment period in response to the *Federal Register* notice dated October 2, 2017 (82 FR 45950).

### **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)” and a Privacy Act System of Records notice (SORN) has been issued for these systems under IRS 22.062 – Electronic Filing Records; IRS 24.030 – Customer Account Data Engine (CADE) Individual Master File; IRS 24.046 - CADE Business Master File (BMF); IRS 34.037 - IRS Audit Trail and Security Records System. The Internal Revenue Service PIA’s can be found at <https://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**

Burden associated with specific elections are identified on the attached burden table and the total burden identified is:

| Authority  | # Respondents | # Responses Per Respondent | Total Annual Responses | Hours Per Response | Total Burden |
|------------|---------------|----------------------------|------------------------|--------------------|--------------|
| IRC § 3201 | 1,900         | 1                          | 1900                   | 15.50              | 29,450       |
| IRC § 3201 | 500           | 1                          | 500                    | 20.01              | 10,005       |
| Total      | 2400          |                            | 2400                   |                    | 39,455       |

Estimates of the 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 1545-0001 to these regulations.

31.6011(a)-2(a)  
 31.6011(a)-2(b)  
 31.6071(a)-1(b)  
 31.6071(a)-1  
 31.6011(a)-2(a)(1)  
 31.6302-2  
 31.6302-1

## **13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

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.

## **14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT**

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. After consultation with various functions within the Service, IRS has determined that the cost of developing, printing, processing, distribution and overhead for Form CT-1 is \$15,699.

#### **15. REASONS FOR CHANGE IN BURDEN**

There is no change in the paperwork burden previously approved by OMB. We are making this submission to renew the OMB approval.

|                            | 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 | 2,400     | 0                                 | 0                                       | 0   | 0  | 2,400               |
| Annual Time Burden (Hr)    | 39,455    | 0                                 | 0                                       | 0   | 0  | 39,455              |

#### **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 regulation 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.