

**SUPPORTING STATEMENT
Internal Revenue Service
1545-0714**

**Form 8027-Employer's Annual Information Return of Tip Income and
Allocated Tips
and
Form 8027-T- Transmittal of Employer's Annual Information Return
of Tip Income and Allocated Tips**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Public Law 97 248 added Internal Revenue Code section 6053(c). This section and the regulations issued thereunder require large food and beverage employers to report for each establishment the gross receipts from food or beverage operations, the total charged receipts, the total charged tips, the total tips reported by employees, and the total of service charges of less than 10% that have been distributed as wages to employees. If the amount of tips reported by employees is less than 8% of the gross receipts, as adjusted, the employer must allocate the difference to the employees.

2. USE OF DATA

The information is used by the Service in selecting individual tax returns of employees who receive tips. These returns are examined to determine if the employee has any unreported tip income.

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 8027 is currently available.

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 regulations 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. The information is used by the Service in selecting individual tax returns of employees who receive tips. These returns are examined to determine if the employee has any unreported tip income. Failure of the IRS to obtain this information will hinder the IRS from meeting 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 Forms 8027 and 8027-T.

We received no comments during the comment period in response to the Federal Register notice dated October 2, 2017 (82 FR 45952).

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 "Individual Master File (IMF)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.030 CADE Individual Master File; 34.037 IRS Audit Trail and Security Records System.

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:

Form	# Respondents	# Responses Per Respondent	Total Annual Responses	Hours Per Response	Total Burden
8027	48,807	1	48,807	9.85	480,749
8027 Worksheet	2,600**	1	2,600	1.94	5,044
8027-T	3,243	1	3,243	.73	2,368
Total	52,050		52,050		488,161

****These responses are included in the Form 8027, but are broken down separately here for burden calculations.**

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

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, the IRS has determined that the cost of developing, printing, processing, distribution, and overhead for this form is \$17,318.

15. REASONS FOR CHANGE IN BURDEN

There is a 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	52,050	0	0	0	0	52,050
Annual Time Burden (Hr)	488,161	0	0	0	0	488,161

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

IRS believes 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.