

Supporting Statement
Internal Revenue Service
TD 9673 , Longevity Annuity Contracts and Form 1098-Q
OMB Control No. 1545-2234

1. Circumstances necessitating collection of information

Form 1098-Q implement the reporting requirements under Treasury Decision (TD) 9673. Any person who issues a contract purchased or held under any plan, annuity, or account described in IRC section 401(a), 433(b) or 408 (other than a Roth IRA) or eligible governmental plan under section 457(b) must file Form 1098-Q.

The previously approved final regulations are related to the use of longevity annuity contracts in tax qualified defined contribution plans under section 401 (a) of the Internal Revenue Code (Code), section 403 (b) plans, individual retirement annuities and accounts (IRAs) under section 408, and eligible governmental plans under section 457 (b). The collection of information in the final regulations is necessary as it will provide the public with guidance necessary to comply with the required minimum distribution rules under section 401(a)(9) applicable to an IRA or a plan that holds a longevity annuity contract. The regulations will affect individuals for whom a longevity annuity contract is purchased under these plans and IRAs (and their beneficiaries), sponsors and administrators of these plans, trustees and custodians of these plans and IRAs, and insurance companies that issue longevity annuity contracts under these plans and IRAs.

Form 1098-Q, Qualifying Longevity Annuity Contract Information, must be filed for any contract that is intended to be a qualifying longevity annuity contract (QLAC). Prior to, the value of a QLAC is excluded from the account balance that is used to determine required minimum distributions. A QLAC is an annuity contract that is purchased from an insurance company for an employee under any plan, annuity, or account described in section 401(a), 403(a), 403(b), or 408 (other than a Roth IRA) or eligible governmental plan under section 457(b), and that, in accordance with the rules of application of paragraph (d) of Regulations section 1.401(a) (9)-6, Q&A-17 (Q&A-17), satisfies the requirements.

2. Use of data

The collection of information provided on Form 1098-Q and required in these final regulations is in A-17(a)(6) of §1.401(a)(9)-6 (disclosure that a contract is intended to be a qualifying longevity annuity contract (QLAC), defined in A-17 of that section) and §1.6047-2 (an annual statement must be provided to qualifying longevity annuity contract owners and their surviving spouses containing information required to be furnished to the

IRS). The information in A-17(a)(6) of §1.401(a)(9)-6 is required in order to notify employees and beneficiaries, plan sponsors, and the IRS that the regulations apply to a contract. The information in the annual statement Form 1098-Q and in §1.6047-2(c) is required in order to apply the dollar and percentage limitations in A-17(b) of §1.401(a)(9)-6 and A-12(b) of §1.408-8, and to comply with other requirements of the required minimum distribution rule.

3. Use of improved information technology to reduce burden

A statement required to be furnished pursuant to §1.6047-2 manifested in Form 1098-Q that is provided electronically must meet the consumer consent requirements in §1.401(a)-21(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.
There is no similar information already available that can be modified for use for the purposes described in item 2 above.

5. Methods to minimize burden on small business 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.

6. Consequences of less frequent collection on federal programs or policy activities

Consequences of less frequent collection on federal programs or policy activities on Form 1098-Q would result in the IRS unable to provide the public with necessary guidance to comply with the required minimum distribution rules under section 401(a)(9) applicable to an IRA or a plan that holds a longevity annuity contract and to accurately apply the dollar and percentage limitations in A-17(b) of §1.401(a)(9)-6 and A-12(b) of §1.408-8; thereby endangering 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 the 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 TD 9673 and Form 1098-Q.

In response to the *Federal Register* notice (82 FR 41307) dated August 30, 2017, we received no comments during the comment period regarding TD 9673 and Form 1098-Q.

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 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

The collection of information contained in these final regulations requires respondents to disclose that an annuity contract is intended to be a qualifying longevity annuity contract and to furnish statements about these contracts. Form 1098-Q and its instructions implement the reporting requirements. It is estimated to take an average of 8 minutes per response. Therefore, the total annual recordkeeping burden to provide 213,966 responses is 28,529 hours.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC A-17(a)(6) of §1.401(a)(9)-6 and 1.6047-2 TD 9673	Form 1098-Q	150	1426.44	213,966	.13	28,529
Totals				213,966		28,529

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.

15. Reasons for change in burden

There are no changes to the paperwork burden previously approved by OMB. This submission is for renewal purposes only.

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 regulations sunset 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 PRA submission form

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.