

SUPPORTING STATEMENT
Internal Revenue Service
Electronic Filing of Form W-4
OMB 1545-1435
(TD 8706)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Regulations under TD 8706 relate to the electronic filing of Form W-4, Employee's Withholding Allowance Certificate. The regulations authorized employers to establish electronic systems for use by employees in filing their Forms W-4 and provide employers guidance necessary to comply with section 3402 of the Internal Revenue Code

Sections 31.3402(f)(2)-1(g) provides that employers must submit copies of certain Forms W-4 to the Service as directed in a written notice to the employer from IRS or as directed in published guidance. Section 31.3402(f)(5)-1 requires employers, upon request by the Service, to supply a hard copy of the electronic Form W-4 and a statement that, to the best of the employer's knowledge, the electronic Form W-4 was filed by the named employee. This information is required by the Service to ensure that, if the Service requests it, employers will be able to furnish a hard copy of the electronic Form W-4.

2. USE OF DATA

This is a recordkeeping requirement. The information, if requested by the Service, will be used to verify that the employer used the electronic Form W-4 data properly and to determine whether Form W-4 contains a materially incorrect statement, and subject to a penalty under §31.6682-1. The likely respondents are employers that choose to make electronic filing of Forms W-4 available to their employees.

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.

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.

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

If this information were not required, the Service would not be able to verify that the employer used the electronic Form W-4 data properly (i.e., whether the employer imposed income tax withholding based on the marital status, number of withholding allowances, and additional amount, if any, requested by the employee on Form W-4). If this information were not required, the Service would not be able to determine whether the employee filed a Form W-4 that contains a materially incorrect statement. This information will be used to determine if an employee is subject to a penalty under § 31.6682-1. An employee may be subject to a \$500 penalty if he or she submits, with no reasonable basis, a Form W-4 that results in less tax being withheld than is required.

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**

In response to the **Federal Register** notice dated October 12, 2017, (82 FR 47608), we received no comments during the comment period regarding TD 8706.

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

This is a recordkeeping requirement. No personally identifiable information (PII) is collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Section 31.3402(f)(5)-1 requires employers, upon request by the Service, to supply a hard copy of the electronic Form W-4 and a statement that, to the best of the employer's knowledge, the electronic Form W-4 was filed by the named employee. This information is required by the Service to ensure that, if the Service requests it, employers will be able to furnish a hard copy of the electronic Form W-4. This information will be used to verify that the employer used the electronic Form W-4 data properly and to determine whether Form W-4 contains a materially incorrect statement. This information will be used to determine if an employee is subject to a penalty under § 31.6682-1.

We estimate that 2,000 employers will be requested by the Service to supply 80 hard copies of the electronic Form W-4 with a statement that the electronic Form W-4 was filed by the named employee, a total of 160,000 responses. We estimate that it will take 0.25 hours to retrieve the hard copy of the electronic Form W-4. The total estimated burden is 40,000 hours (2,000 x 80 x .25).

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

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.

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 is no change in the paperwork burden previously approved by OMB. 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 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

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.