

SUPPORTING STATEMENT

Internal Revenue Service

(Form 1040-SS, Form 1040-PR, and Anejo H-PR)

**U.S. Self-Employment Tax Return; Planilla Para La Declaracion De La Contribucion Federal Sobre El Trabajo Por Cuentas Propia Puerto Rico; and Contribuciones Sobre El Empleo de Empleados Domesticos
OMB # 1545-0090**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Forms 1040-SS and 1040-PR reflect IRC 6017, 7651, 1401, 1402, and Regulations 1.6017-1. Form 1040-SS is used by self-employed individuals in Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands to report and pay self-employment tax and provide proper credit to the taxpayer's social security account. Form 1040-PR is a Spanish version of the Form 1040-SS. It is for use in Puerto Rico. Anejo H-PR is used to compute household employment taxes. Form 1040-SS and Form 1040-PR are also used by bona-fide residents of Puerto Rico to claim the additional child tax credit.

2. USE OF DATA

The data is used to determine whether the proper amount of self-employment tax is reported.

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 1040-SS, 1040-PR and 1040-PR Sch H is currently available.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is no already available for use or adaptation from another source

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

There is minimal to 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

The Form 1040-SS is a highly visible form used to report self-employment tax by self-employed individuals in Puerto Rico and the U.S. Territories. Residents of Puerto Rico also use the Form 1040-SS to take the Additional Child Tax Credit (ACTC). Less frequent information collections

could lead to difficulties in tax administration in these jurisdictions pertaining to self-employment taxes, and the ACTC. The law related to the Health Coverage Tax Credit (HCTC) has changed frequently during the last several years. If such changes were missed due to infrequent information collections, self-employment tax collections may have been misstated. A less frequent collection of this information would 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

In response to the *Federal Register* notice (82 FR 47605), dated October 12, 2017, we received no comments during the comment period regarding Forms 1040-PR, 1040-SS, and Anejo H-PR

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--Customer Account Data Engine Individual Master File, formerly Individual Master File, and 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

| Authority | Description | # of Respondents | # Responses per Respondent | Annual Responses | Hours per Response | Total Burden |
|------------------------------|--------------------|------------------|----------------------------|------------------|--------------------|--------------|
| Treasury Regulation 1.6017-1 | Form 1040-SS | 92,000 | 1 | 92,000 | 11.47 | 1,055,240 |
| 1.6017-1 | Form 1040-PR | 152,460 | 1 | 152,460 | 11.72 | 1,786,831 |
| 1.6017-1 | Form 1040-PR Sch H | 2,400 | 1 | 2,400 | 2.24 | 5,376 |
| Totals | | | | 246,860 | | 2,847,448* |

* column foots to 2,847,447. Difference of 1 due to rounding.

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0090 to these regulations:

1.6011.1

1.6017-1

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

After consultation with various functions within the IRS, we have determined that the cost of developing, printing, processing, distributing, and overhead for Form 1040-SS and Form 1040-PR is \$261,673.

15. REASONS FOR CHANGE IN BURDEN

There are no changes to this information collection. This is an extension 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

IRS believes that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the form and 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.