

SUPPORTING STATEMENT
Internal Revenue Service
Procedural Rules for Excise Taxes Currently Reportable on Form 720 and Deposits of
Excise Taxes
PS-8-95 (T.D. 8685) and PS-27-91 (T.D. 8442)
OMB Control Number # 1545-1296

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

PS-8-95 (T.D. 8685)

Section 4251 of the Internal Revenue Code imposes a tax on amounts paid for certain communications services. Section 4261 imposes various taxes on amounts paid for the transportation of persons by air. Section 4271 imposes a tax on amounts paid for the air transportation of property. Under §§4251 (a)(2), 4261 (d), and 4271(b), the person liable for the tax is the person making the payment on which tax is imposed. Under §4291, the person receiving that payment must collect the tax and pay it over to the government.

Section 49.4291-1 of the regulations provides that the collector must report any refusal by the taxpayer to pay the tax to the Internal Revenue Service by the due date of the return required for the period during which the liability for tax was incurred.

Section 6302(c) authorizes the Secretary to prescribe the time, manner, and conditions under which taxes imposed under internal revenue laws may be received at government depositories.

Section 40.6302(c)-3(b)(2)(ii) requires that persons using the alternative method described in 40.6302(c)-3(b)(2)(i)(A) include in the separate account items of adjustment (relating to the tax for prior months within the period of limitations on credits or refunds) based on the reports of refusals to pay tax made to the Commissioner during the month as required by §§49.4291-1.

PS-27-91 (T.D. 8442)

Section 6302(c) authorizes the Secretary to prescribe the time, manner, and conditions under which taxes imposed under internal revenue laws may be received at government depositories.

Section 40.6302(c)-3(b)(2)(i) permits any person required to collect any pay over any tax imposed by chapter 33 of the Code to compute the amount of such tax to be deposited on the basis of amounts considered as collected (the "alternative method") instead of on the basis of actual collections of tax.

Section 40.6302(c)-3(b)(2)(ii) requires persons that use the alternative method described in § 40.6302(c)-3(b)(2)(i) to keep a separate account reflecting items of federal excise tax

included in amounts billed or tickets sold to customers during each month and items of adjustment relating to the tax for prior months within the period of limitations on credits or refunds.

Section 40.6302(c)-3(b)(2)(iii) requires persons to notify the Commissioner before changing from one method of computing deposits to another.

Section 40.6302(c)-3(e) requires persons using the alternative method to make a return of tax on the basis of the net amount of tax reflected in the separate account.

2. USE OF DATA

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The data collected under §49.4291-1 currently is used by the Service to assess the tax directly against taxpayers that refuse to pay the tax.

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The data will be used by the Service to verify that the proper amount of tax is deposited and reported.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS intends to offer electronic filing to the extent it is practicable however in this case it isn't practicable because of the evaluative nature of the determination.

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 flexibility to reduce burden on small businesses or other small entities because the statutes apply to small businesses and 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 could consist of a decrease in the 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

PS-8-95 (T.D. 8685)

A notice of proposed rulemaking (60 FR 44788) was published simultaneously with temporary regulations (60 FR 44758) in the Federal Register on August 29, 1995. No public hearing was held. The final regulations were published in the *Federal Register* on November 12, 1996 (61 FR 58004).

PS-27-91 (T.D. 8442)

A notice of proposed rulemaking was published in the *Federal Register* on January 31, 1992 (57 FR 3734). A public hearing was scheduled, but the sole request to speak was withdrawn and the public hearing was not held. The final regulations were published in the Federal Register on October 22, 1992 (57 FR 48174).

In response to the *Federal Notice* dated February 21, 2018 (83 F.R. 7552), we received no comments during the comment period.

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

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Section 49.4291-1 of the regulations requires collectors to report to the Service when taxpayers refuse to pay tax imposed by §§4251, 4261, or 4271. We estimate that 150 collectors will receive an average of 10 refusals for a total of 1,500 reports to the Service, and that it will take an average of .33 hour to provide each report. The total burden for the reporting requirement is 500 hours.

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Section 40.6302(c)-3(b)(2)(ii) requires persons that use the alternative method described in §40.6302(c)-3(b)(2)(i) to keep a separate account reflecting items of federal excise tax included in amounts billed or tickets sold to customers during each month and items of adjustment relating to the tax for prior months within the period of limitations on credits or refunds. We estimate that 4,000 persons will maintain separate accounts and it will take 60 hours to comply with the requirement. The total burden for this recordkeeping requirement is 240,000 hours.

Section 40.6302(c)-3(b)(2)(iii) requires persons to notify the Commissioner before changing from one method of computing deposits to another. We estimate that 1,000 persons will notify the Commissioner about a change of method and it will take them 0.25 hour to comply with the requirement. The total burden for this reporting requirement is 250 hours.

Section 40.6302(c)-3(e) requires persons using the alternative method to make the return of tax on the basis of the net amount of tax reflected in the separate account. We estimate that 4,000 persons will use the alternative method and it will take them 0.4 hour to report the tax based on the separate account. The total burden for this reporting requirement is 1,600 hours.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
Section 49.4291-1	Collectors report the refusal to pay tax	150	10	1500	.33	500
40.6302(c)-3(b)(2)(ii)	Alternative method	4000	1	4000	60	240,000
40.6302(c)-3(b)(2)(iii)	Changing method	1000	1	1000	.25	250
40.6302(c)-3(e)	Separate Account	4000	1	4000	.4	1600
Totals				10500		242,350

There will be an estimated 10,500 responses to this information collection, with a total burden of 242,350 hours.

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

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

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.