

SUPPORTING STATEMENT  
Internal Revenue Service  
Offshore Voluntary Disclosure Program (OVDP)  
OMB Control No. 1545-2241

1. CIRCUMSTANCES NECESSITATING THE COLLECTION OF INFORMATION

The IRS is offering people with undisclosed income from offshore accounts an opportunity to get current with their tax returns. Taxpayers with undisclosed foreign accounts or entities should make a voluntary disclosure because it enables them to become compliant, avoid substantial civil penalties and generally eliminate the risk of criminal prosecution. The objective is to bring taxpayers that have used undisclosed foreign accounts and undisclosed foreign entities to avoid or evade tax into compliance with United States tax laws such as Internal Revenue Code §§ 6038, 6046, and 6048.

Form 15023 is part of the Decline and Withdrawal Campaign #208, related to Offshore Voluntary Disclosure Program (OVDP) taxpayers. Taxpayers are required to complete and submit this form with their response to Letter 5935. These associated tax returns are not under examination and preemptively soliciting a statute extensions is not warranted. In order to maintain the integrity of the OVDP program and campaign the soft letter must be sent in a timely manner. IRS cannot issue soft letters without the associated cover letter which has been converted into a form for consistency purposes.

2. USE OF DATA

The IRS will use this data to calculate, with a reasonable degree of certainty, the total cost of resolving all offshore tax issues.

The IRS's prior Offshore Voluntary Disclosure Program (2009 OVDP), and Offshore Voluntary Disclosure Initiative (2011 OVDP), which closed on September 9, 2011, demonstrated the value of a uniform penalty structure for taxpayers who came forward voluntarily and reported their previously undisclosed foreign accounts and assets. These initiatives enabled the IRS to centralize the civil processing of offshore voluntary disclosures and to resolve a very large number of cases without examination

In September 2012, the IRS announced a new offshore initiative entitled the Streamlined Non-filer program. This program was developed specifically for US citizens with income solely from non-us sources. Although this program was successful at closing the non-filer loop, this program did not allow for amended returns to be filed reporting previously unreported foreign sourced income. As a result, an enhanced process was developed in which taxpayers will be allowed to file amended returns in order to report previously unreported foreign source income while allowing a relief from penalties.

The purpose of the soft letter 5935 and Form 15023 is to gather additional, time sensitive information to determine if the risk of noncompliance warrants examination. Information in this form will allow the Internal Revenue Service (IRS) to associate any responses accordingly.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There are no plans at this time to use information technology as the focus on undisclosed foreign accounts or entities being used by taxpayers.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available or use or adaption from another source.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OROTHER SMALL ENTITIES

It is certified that the collection of information in these final regulations will not have a significant economic impact on a substantial number of small entities. This certification is based upon the fact that small employers that take advantage of the provisions in these regulations will likely see a modest reduction in the cost of providing pensions to their employees.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS

If the IRS did not collect this information, the taxpayer would not have the means to calculate the correct interest that would impact their tax liability and the revenue needed to support the Federal government. Failure to collect this information on Form 15023 will prevent the IRS from determining accurately the risk of noncompliance and causing public harm by a misallocation of resources for determining compliance. Significant delays in gathering supplemental information can lead to imminent and barred statutes, hindering IRS from meeting its mission.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA 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 AVAILABILITYOF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS AND DATA ELEMENTS

IRS began an open-ended Offshore Voluntary Disclosure Program (OVDP) in January 2012 on the heels of strong interest in the 2011 and 2009 programs. This form reflects input from various external sources who are familiar with the program and its procedures. This request for information has taken into consideration input gathered from the 2009 and 2011 programs.

In response to the Federal Register notice dated February 2, 2018, (83 FR 8734), we received no comments during the comment period regarding this submission.

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)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.046-Customer Account Data Engine Business Master File. The Internal Revenue Service PIA's can be found at <http://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

	Estimated Annual Responses	Time per Response	Estimated Annual burden
1) OVDP Submission	228,000	2 hours	456,000
2) OVDP Penalty WrkSht	38,000	2 hours	76,000
3) OVDP Acct/Asst Stmt	190,000	1 hours	190,000
4) Streamlined Non-filer	17,500	8 hours	140,000
5) Statement of Dissolved Entities	500	1 hours	500
6) Offshore Comp Status Report	569	2 hours	1,138
<u>Total</u>	<u>474,569</u>		<u>863,638</u>

13. ESTIMATED ANNUAL COST 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 FEDERAL COST TO 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

The IRS made changes to the forms in the collection. The changes were to make the Form consistent with the accompanying correspondence, to remove references to taxpayer email addresses, changed lines and instructions to provide clarification, and to implement changes suggested by the practitioner community. The above changes will result in a program change increase of 105,500 hours and a new total burden of 863,638 hours.

Annual Time in Burden hours	New	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
1) OVDP Submission (Form 14457 and 14454)	456,000					456,000
2) OVDP Penalty WrkSht (other worksheet)	76,000					76,000
3) OVDP Acct/Asst Stmt (other statement)	190,000					190,000
4) Streamlined Non-filer (Form 14653 and 14654 and 14708)	140,000		105,500			34,500
5) Statement of Dissolved Entities (form 14467)	500					500
6) Offshore Comp Status Report (Form 15023)	1,138					1,138
<b>Net Change in Annual Number of responses</b>	<b>863,638</b>					<b>758,138</b>

The IRS made changes to the Forms in the collection as follows;

**Form 15023**

- The **Note** at the top was removed. We felt it was not needed as the information was on the associated Letter 5935 as well as the note at the bottom of the form.
- Options 1-3 - there were some verbiage/grammatical changes made to the language in Options 12 and 3. This was done so that the language would exactly match the languages for those options listed on the associated letter 5935.
- TP instructions
  - o Option 1 - We added the actual number of the Letter '5935' in place of 'XXXX'. We also revised the mailing instructions in this section.
  - o 60 Day Extension request - We removed the words '60 Day' from this section. We did this because as stated in Letter 5935, the taxpayer can request an extension of up to 60 days. We believe stating that it was a flat 60 day extension would be a conflicting and confusing statement.
- **Note** at the bottom - verbiage change. We are no longer referring to this form as a coversheet. We also added the literal number for the letter as '5935' instead of 'XXXX'.

**Form 14708**

- Removed the box for the taxpayers email address at the top right. We do not email taxpayers.
- Added a section at the bottom for preparer use only.

### **Form 14654**

- Top section – added boxes for taxpayer phone number and address
- Note regarding joint certification was reworded for clarification.
- Certification section
  - o Removed the line numbers associated with the Form 1040X. The numbers have changed. We felt it best not to cite specific line numbers since they can change from year to year.
  - o Page 2 – Note added at the end of the page, after the 6<sup>th</sup> year of information is listed for foreign financial assets to inform the taxpayer that the boxes for the 7<sup>th</sup> year are only required under certain instances
  - o Page 3 – added a paragraph regarding refund requests for payments made beyond the statute assessment period. This was added to ensure clarification.
- Page 4 – provided additional information on the non-willful statement requirements to assist the taxpayers in completing the form.
- Added section for paid preparer use only.
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### **Form 14653**

- Top section – added boxes for taxpayer phone number and address
- Note regarding joint certification was reworded for clarification.
- Certification section
  - o Removed the line numbers associated with the Form 1040 and Form 1040X. The numbers have changed. We felt it best not to cite specific line numbers since they can change from year to year.
  - o Added a paragraph regarding refund requests for payments made beyond the statute assessment period. This was added to ensure clarification.
  - o Added additional verbiage and an additional section regarding residency status to reinforce the taxpayer’s understanding of how residency is determined.
- Provided additional information on the non-willful statement requirements to assist the taxpayers in completing the form.
- Added section for paid preparer use only

### **Form 14453**

- Made dollar fields positive and negative.
- Also added a statement explanation when to use the negative numbers.

### **Form 14454**

- Line 2- Reworded the address section for clarity per practitioner request
- Line 10e- An instruction to add additional pages if needed for multiple transaction was added per practitioner request
- Line 11e – Correct the language to state ‘transferred to’ per practitioner request.
- Line 12d – provided clarification on which accounts to provide information per practitioner request
- Privacy Act statement written for clarity and accuracy per practitioner request.

### **Form 14457**

- Removed previous question 6 related to offshore accounts ineligible for the program per practitioner request since it is no longer a viable question due to change in the program.

- Line 2 – Added box for email address of taxpayer representative per preparer request.
- Privacy Act statement written for clarity and accuracy per practitioner request.

The above changes will result in a program change increase of 105,500 hours and a new total burden of 863,638 hours.

IRS is also making this submission for renewal purposes.

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. EXCEPTION TO THE CERTIFICATION STATEMENT

There are no exceptions to the certification statement.

Note: The following paragraph applies to all of the collection 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 it 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 return and tax return information are confidential, as required by 26 U.C.S.C. 6103.