

SUPPORTING STATEMENT
Internal Revenue Service
Form 1098-C
Contributions of Motor Vehicles, Boats, and Airplanes
OMB Control No. 1545-1959

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 884 of the American Jobs Creation Act of 2004 (Public Law 108-357) added paragraph 12 to section 170(f) for contributions of used motor vehicles, boats, and airplanes. Section 170(f)(12) requires that a donee organization provide an acknowledgement to the donor of this type of property and is required to file the same information to the Internal Revenue Service. Form 1098-C may be used as the acknowledgement. It, or an acceptable substitute, must be filed with the IRS.

2. USE OF DATA

IRS uses Form 1098-C to verify that the amount of the deduction for contributions of used motor vehicles, boats, and airplanes are reported on the recipient's income tax return.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are currently offering electronic filing on Form 1098-C.

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 minimal or no burden on small businesses or Charitable entities by this collection due to the requirements of the authorizing statute under section 170(f)(12).

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

Less frequent collection on federal programs and policy activities would result in the IRS unable to verify charitable deductions and or contributions of used motor vehicles, boats, and airplanes that are reported on the recipient's income tax return. Taxpayers who do not comply with the noncash contributions reporting requirements could be incorrectly reducing their tax liabilities and receiving tax refunds to which they are not entitled; thereby endangering 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 INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

In response to the *Federal Register* notice dated May 7, 2018 (83 FR 20141), we received no comments during the comment period regarding Form 1098-C.

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 "Information Returns Master File (IRMF)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under; IRS 24.030 CADE Individual Master File and IRS 34.037 IRS Audit Trail and Security Records System. 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

Section 170(f)(12) requires that a donee organization provide an acknowledgement to the donor of this type of property and is required to file the same information to the Internal Revenue Service.

Form 1098-C may be used as the acknowledgement. It, or an acceptable substitute, must be filed with the IRS.

The burden computation is based on the 1984 Arthur D Little, Inc. legacy model. The system user inputs criteria such as; the number of lines, codes sections, attachments, etc. on the form and the includes the expected number of forms that will be filed for that tax year by using past filing information that is averaged for future filings. The model provides the estimated aggregate burden hours and a per response time.

The burden estimate is as follows:

Authority	Description	# of Respondents	#Responses per Respondent	Annual Response	Hours per Response	Total Burden
IRC 170(f)	Form 1098-C	106,200	1	106,200	.31	32,922

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

The Federal government cost estimate is based on a model that considers the following three cost factors for each information product: aggregate labor costs for development, including annualized start up expenses, operating and maintenance expenses, and distribution of the product that collects the information.

The government computes cost using a multi-step process. First, the government creates a weighted factor for the level of effort to create each information collection product based on variables such as; complexity, number of pages, type of product and frequency of revision. Second, the total costs associated with developing the product such as labor cost, and operating expenses associated with the downstream impact such as support functions, are added together to obtain the aggregated total cost. Then, the aggregated total cost and factor are multiplied together to obtain the aggregated cost per product. Lastly, the aggregated cost per product is added to the cost of shipping and printing each product to IRS offices, National Distribution Center, libraries and other outlets. The result is the Government cost estimate per product.

The government cost estimate for this collection is summarized in the table below.

Product	Aggregate Cost per Product (factor applied)	Printing and Distribution	Government Cost Estimate per Product
Form	80558	9017	89,575
Table costs are based on 2016 actuals obtained from IRS Chief Financial Office and Media and Publications			
* New product costs will be included in the next collection update.			

15. REASONS FOR CHANGE IN BURDEN

Reason for the change in burden is due to the decrease in estimated filers to 106,200, which results in a decrease in burden of (13,888) and the overall burden of 32,922.

	Requested	Program Change Due to New	Program Change Due to Agency	Change Due to Adjustment in	Change Due to Potential Violation	Previously Approved

		Statute	Discretion	Agency Estimate	of the PRA	
Annual Number of Responses	106,200	0	0	-44,800	0	151,000
Annual Time Burden (Hr)	32,922	0	0	-13,888	0	46,810

Also, we are making this submission as a renewal of a previously approved collection.

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 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.