

**SUPPORTING STATEMENT**  
**Internal Revenue Service**  
**(Tip Rate Determination Agreement (Gaming Industry))**  
**Revenue Procedure 2007-32**  
**1545-1530**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

The Service expand its Market Segment Understanding (MSU) Program to improve tax compliance by tipped employees in the gaming industry. The MSU Program offers employers the opportunity of entering into an agreement with the Service. This MSU document permits employers in the gaming industry and their participating employees to avoid examinations pertaining to the amount of tips reported to the employer by its employees as required by 26 U.S.C. 6053(a). Employer requirements include (1) determining and listing tip rates and occupational categories; (2) maintaining records of employees, gaming activities, food and beverage activities, and tip rates; furnishing information regarding employees and food and beverage activities; and making available upon request the records required to be maintained; (3) notifying the Service in writing if the employer wishes to terminate the agreement; and (4) soliciting participation agreements from employees (75 percent of tipped employees must agree to participate). Employees choosing to participate in the agreement are required to sign a Tipped Employees Participation Agreement indicating that they will report tips at or above the tip rate established for the employee's occupational category.

**2. USE OF DATA**

The information will be used to identify participating and nonparticipating employees and to monitor compliance with the agreement and the statutory tip reporting requirements.

**3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

Because there are no reporting requirements associated with Revenue Procedure 2007-32, electronic filing is not possible. 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 of adaptation from another source.

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

The collection of information requirement will not have a significant economic impact on a substantial number of 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 result in employees being noncompliant with the agreement and the statutory tip reporting requirements.

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

RP 2003-35 was established in May 2003 (2003-1 C.B. 919). RP 2003-35 was superseded by RP 2007-32. RP 2007-32 was published in the **Internal Revenue Bulletin** on May 29, 2007 (2007-22 IRB 1322).

We received no comments during the comment period in response to the **Federal Register** notice dated April 30, 2018 (83 FR 18871).

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 U.S.C. 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

There is no sensitive personally identifiable information (PII) in this collection.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

- (1) Employers must list each occupational category and the tip rate assigned to each category on an Attachment A. Attachment A includes the initial employee categories included in the agreement and the initial tip rates. Section III.D. explains the procedures involved in the employer's annual review of occupational categories and tip rates.
- (2) Section II.A. requires employers to maintain certain records pertaining to employees, gaming activities, food and beverage service activities, and tip rates. Section II.B. requires employers to furnish a quarterly report of employees, an annual report of nonparticipating employees, and, in the case of certain food and beverage establishments, a copy of Form 8027 (burden included in Form 8027). Section II.C. requires employers to make the records identified in section II.A. available upon the request of the Service.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
6053(a)	Rev. Proc. 2007-32	710	1	1	14.74	10,467
Totals						

**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 ANNULIZED 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 IN APPROPRIATE**

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