**Internal Revenue Service**

**Supporting Statement**

**OMB 1545-2221**

**Form 1098-MA**

**Mortgage Assistance Payments**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The Form 1098-MA, Mortgage Assistance Payments, is used by State Housing Financial Agencies (HFAs) or the Department of Housing and Urban Development (HUD) to provide information to the IRS and to the homeowner. The information on this statement reports 1) payments made by either HUD under the Emergency Homeowners' Loan Program (EHLP) or a State HFA under the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (HFA Hardest Hit Fund) or the EHLP (State HFA/HUD mortgage assistance payments); and (2) payments made by the homeowner under these programs.

The requirement for the form is authorized by Pub L. 111-203, sec. 1496, and Pub L. 110-343, Division A, sec. 109, with guidance provided in Notice 2011-14 and Rev. Proc. 2011-55, as amplified by Notice 2013-7.

1. USE OF DATA

Information is used to identify taxpayers who may not be taking a correct mortgage interest deduction because the mortgage servicers processing payments may not be able to segregate payments received from government funds versus payments made by individual mortgagees.

1. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We have no plans at this time to offer electronic filing because of the low volume compared to the cost of electronic enabling.

1. EFFORTS TO IDENTIFY DUPLICATION

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

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

The entities required to file Form 1098-MA are State HFAs and HUD. There are no small businesses or entities required to file this form.

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

Less than annual collection would reduce efficiencies, accuracies, and compliance in identifying taxpayers who may not be taking the correct mortgage interest deduction.

1. 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).

1. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

Counsel has consulted with State HFAs and HUD to determine availability of the data required to be reported. For ease in reporting and to ensure compliance, the IRS has developed this form to be used by all filers, in lieu of their needing to develop their own reporting statement. In filing and furnishing this form, the IRS will not assert any penalties under section 6721 and section 6722 for failure to file a Form 1098.

In response to the *Federal Register* notice dated March 19, 2018 (83 FR 12078), we received no comments during the comment period regarding Form 1098-MA.

1. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

No payment or gift has been provided to any respondents.

1. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 USC 6103.

1. 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 Statement 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 or persons required to make suck returns, statements, or documents and is the authority for social security numbers (SSNs) in IRS systems

1. ESTIMATED BURDEN OF INFORMATION COLLECTION

The burden estimate is as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Type of Burden | No. Responses | Time Per Response | Total Burden |
| Reporting |  | 0.22 | 13,200 |
| Third-party Disclosure | 0.22 | 13,200 |
| Recordkeeping | 2.40 | 144,000 |
| TOTAL | 60,000 | 2.84 | 170,400 |

1. 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.

1. 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 1098-MA | $46,476 | + | $2,314 | = | $48,790 |
| **Grand Total** | **$46,476** |  | **$2,314** |  | **$48,790** |
| 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. | | | | | |

1. REASONS FOR CHANGE IN BURDEN

There were no changes made to the document that resulted in any change to the burden previously reported to OMB.

We are making this submission to renew the OMB approval.

1. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis and publication

1. 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 regulation and/or form sunsets as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of OMB approval and obtain a new expiration date before the old one expires.

1. 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.