

SUPPORTING STATEMENT  
Internal Revenue Service  
Forms 14039, 14039(SP), 14039-B, 14039-B(SP)  
(Identity Theft Affidavit)  
OMB Number 1545-2139

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The primary purpose of these forms is to provide a method of reporting identity theft issues to the IRS so that the IRS may document situations where taxpayers are or may be victims of identity theft. Additional purposes include the use in the determination of proper tax liability and to relieve taxpayer burden. The information may be disclosed only as provided by 26 U.S.C 6103.

2. USE OF DATA

The primary use of this information is so that the IRS may document situations where individuals are or may be victims of identity theft.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Typically, a Form 14039 is accompanied by a paper tax return. The paper return is required when an 'electronically filed' tax return is rejected by the IRS for suspected tax-related identity theft. The Form 14039 is attached to the paper return. This increases IRS processing efficiencies to resolve the taxpayer's complaint and have the correct tax return applied to the respondent's tax account.

The IRS establishes a working relationship with each respondent and the IRS employee assigned to the case remains involved until case closure. Additionally, given the nature of 'identity theft', opening the door to third-party acceptance of Forms 14039 increases risk and thus the official form is only posted on IRS.gov.

There are no plans to provide electronic filing because electronic filing is not appropriate for the collection of information in this submission.

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.

Form 14039-B is not available online, it is only provided to a business by an IRS employee assigned to that entity if there is suspected identity theft.

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

If the IRS did not collect this information, the taxpayer would not have a method of reporting identity theft issues to the IRS which allow the IRS to document situations where taxpayers are or may be victims of identity theft. Additionally, the IRS would be unable to determine the identity theft victims proper tax liability and therefore would be unable 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 September 21, 2018 (83 FR 47971) , we received no comments during the comment period regarding Forms 14039, 14039(SP), 14039-B and 14039-B(SP).

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 “Individual Master File,(IMF)” system, the “Business Master File (BMF) system and a Privacy Act System of Records notice (SORN) has been issued for these systems under IRS 24.030 - CADE Individual Master File, IRS 24.046 - CADE Business Master File and IRS 34.037 - IRS Audit Trail and Security Records System. The Internal Revenue Service PIAs 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

The burden estimate is as follows:

| <u>Form</u>              | <u>Number of Respondents</u> | <u>Responses per Respondent</u> | <u>Annual Responses</u> | <u>Hours per Response</u> | <u>Total Burden</u> |
|--------------------------|------------------------------|---------------------------------|-------------------------|---------------------------|---------------------|
| Form 14039/14039(SP)     | 382,433                      | 1                               | 382,433                 | 1.33                      | 508,636             |
| Form 14039-B/14039-B(SP) | 100,000                      | 0.2                             | 20,000                  | .31                       | 6,200               |
| Totals                   | 482,433                      |                                 | 402,433                 |                           | 514,836             |

## 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 primary cost to the government consists of the cost of printing. We estimate that the cost of printing the forms are \$6,547.42.

In 2018, the instructions were not provided in a separate format since they are included in the two-page Form 14039 and the 14039SP.

- Approximate Number of 14039SPs printed = 43,000 cost including shipping = \$ 605
- Approximate Number of 14039s printed = 379,000 cost, including shipping = \$5,942.42
- **Approximate Combined prints = 422,000 at a total cost of \$6,547.42**

The number of prints are diminished as the mailing of blank forms will be reduced dramatically as letters that were automatically sent with blank Forms 14039 in mailed letters are now revised to eliminate needless inclusion. With the Form 14039 accompanying affected tax returns, the Forms 1040 are verified and processed.

## 15. REASONS FOR CHANGE IN BURDEN

Change in burden to Form 14039 and 14039(SP) are due to an increase in the estimated number of filers from 80,000 to 382,433 and minor adjustments to the form(s) that increased the burden hours by 6200 hours.

Section C has been updated to include the complete Taxpayer Identification Number. The “Other” options for language in Section C has been eliminated. Section D, Required Documentation, has been eliminated. The Signature and Date Signed line has been moved to page 1. Section A has been assigned and expanded to specify for whom the filing is made and allow specific clarity for respondent options. The “Reason for Filing This Form”, formerly Section A on the February 2014 Revision, has been moved to Section B. Start Printed Page 47972. Section E has been expanded to gain germane information from “third party” filers. Instructions have been revised to simplify guidance for steps in filing and to prevent misrouting of tax returns as well as Forms 14039.

**Forms 14039 / 14039(SP) Changes in Burden**

|                                        | Requested | 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 |
|----------------------------------------|-----------|-----------------------------------|-----------------------------------------|---------------------------------------------|----------------------------------------------|---------------------|
| Annual Number of Responses for this IC | 382433    | 0                                 | 0                                       | 302433                                      | 0                                            | 80000               |
| Annual IC Time Burden (Hours)          | 508636    | 0                                 | 6200                                    | 482436                                      | 0                                            | 20000               |

Change in burden to Forms 14039-B and 14039-B(SP) is due to an adjustment in the Time Per Response calculation from .25 hours to .31 hours for an increase of 1200 hours.

**Forms 14039-B/14039-B(SP) Changes in Burden**

|                                        | Requested | 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 |
|----------------------------------------|-----------|-----------------------------------|-----------------------------------------|---------------------------------------------|----------------------------------------------|---------------------|
| Annual Number of Responses for this IC | 20000     | 0                                 | 0                                       | 0                                           | 0                                            | 20000               |
| Annual IC Time Burden (Hours)          | 6200      | 0                                 | 1200                                    | 0                                           | 0                                            | 5000                |

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

The total change in burden is an increase of 489,836 hours.

|  | Requested | Program Change | Program Change | Change Due to | Change Due to | Previously |
|--|-----------|----------------|----------------|---------------|---------------|------------|
|--|-----------|----------------|----------------|---------------|---------------|------------|

|                            |         | Due to New Statute | Due to Agency Discretion | Adjustment in Agency Estimate | Potential Violation of the PRA | Approved |
|----------------------------|---------|--------------------|--------------------------|-------------------------------|--------------------------------|----------|
| Annual Number of Responses | 402,433 | 0                  | 0                        | 302,433                       | 0                              | 100,000  |
| Annual Time Burden (Hr)    | 514,836 | 0                  | 7,400                    | 482,436                       | 0                              | 25,000   |

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. 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.