

SUPPORTING STATEMENT
Internal Revenue Service
(Form 7004) Application for Automatic Extension of Time To File Certain Business Income
Tax, Information, and Other Returns
OMB #1545-0233

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 6081(b) of the Internal Revenue Code allows a C corporation an automatic extension of 5 and 6 months for filing an income tax return. The returns shown in Part I, line 1a of Form 7004 are eligible for an automatic 5-month extension of time to file from the due date of the return; and returns shown in Part II, line 1b of Form 7004 are eligible for an automatic 6-month extension of time to file from the due date of the return. The extension will be allowed if Form 7004 is filed properly by the due date and if the required tax is deposited.

2. USE OF DATA

This data is use by IRS to ascertain whether Form 7004 was timely filed and the proper amount of tax was computed and deposited. The Form 7004 is used to request an automatic extension of time to file certain business income tax, information, and other returns.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are currently offering electronic filing for Form 7004.

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.

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

Consequences of less frequent collection on federal programs or policy activities would result in taxpayers attempting to file certain business returns that are ineligible for the automatic extension of time to file; and inaccurately compute or deposit the amount of tax due.

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 February 1, 2019 (84 FR 1276), we received no comments during the comment period regarding Form 7004.

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

No payment or gift will be 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)” and Privacy Act System of Records notices (SORN) has been issued for these systems under Treasury/IRS 24.046–Business Master File (BMF); Treasury/IRS 24.030–Customer Account Data Engine Master File; IRS 34.037–IRS Audit Trail and Security Records System. The Department of Treasury PIAs can be found at <https://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 Form 7004 is used to request an automatic extension of time to file certain business income tax, information, and other returns. It is estimated that 653,750 respondents complete form 7004 and take approximately 6.78 ours to do so for a total annual hour burden of 4,432,425 hours.

The burden estimate is as follows:

Authority	Description	# of Respondents	#Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC §6081(b)	Form 7004	653,750	1	653,750	6.78	4,432,425
Totals		653,750				4,432,425

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.

<u>Product</u>	<u>Aggregate Cost per Product (factor applied)</u>		<u>Printing and Distribution</u>		<u>Government Cost Estimate per Product</u>
Form 7004	16,586	+	0	=	16,586
Instructions	2,734				2,734
Grand Total	19,320				19,320
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

There are no changes to the collection however the estimates are being updated to eliminate double counting associated with the business collection.

The information collection requirements and burden associated business for Form 7004 is accounted for in OMB control number 1545-0123, U. S. Business Income Tax Return and has been removed from this information collection 1545-0233.

	<u>Requested</u>	<u>Program Change Due to New Statute</u>	<u>Program Change Due to Agency Discretion</u>	<u>Change Due to Adjustment in Agency Estimate</u>	<u>Change Due to Potential Violation of the PRA</u>	<u>Previously Approved</u>
Annual Number of Responses for this IC	653750	0	-5883750	0	0	6537500
Annual IC Time Burden (Hours)	4432425	0	-39891825	0	0	44324250

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 IRS 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.