

SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Tax Return Preparer Complaint Process and Fraud or Misconduct Affidavit
Form 14157 and Form 14157-A
OMB Control Number 1545-2168

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Information is being collected to adhere to Treasury Inspector General for Tax Administration (TIGTA) recommendations found in TIGTA report 2009-40-032, The Process Taxpayers Must Use to Report Complaints Against Tax Return Preparers Is Ineffective and Causes Unnecessary Taxpayer Burden.

In Calendar Year 2007, the IRS processed approximately 83 million individual Federal income tax returns prepared by paid tax return preparers. Under those prior processes, the IRS could not determine how many complaints against tax return preparers it received, how many complaints were worked, or the total number of multiple complaints against a specific firm or preparer. Taxpayer complaints about tax return preparers can provide valuable information about understanding the root causes of taxpayer problems, identify areas of noncompliance, and help the IRS address core processes that need improvement.

The final TIGTA findings recommended that the Deputy Commissioner for Services and Enforcement

- 1) Clarify guidance to taxpayers on the public IRS web site (IRS.gov) regarding the preparer complaint process, and
- 2) Develop a form, both web-based and paper, specifically for tax return preparer complaints that routes to the correct function based on type of tax return preparer and include the items necessary for the IRS to appropriately evaluate the legitimacy of the complaint.

Taxpayers may visit the following website for initial guidance and form links:

<https://www.irs.gov/Tax-Professionals/Make-a-Complaint-About-a-Tax-Return-Preparer> .

The forms are used by taxpayers to report allegations of misconduct by tax return preparers. These forms are designed specifically for tax return preparer complaints and include the items necessary for the IRS to evaluate and route to the appropriate function.

This information collection also includes non-form responses, such as proof of payment, taxpayer emails and letters of complaint.

2. USE OF DATA

This information will be used by IRS to identify tax return preparer non-compliance. Taxpayers will use this form to report allegations of tax return preparer misconduct.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There are no plans to provide electronic filing because of the low volume of filers.

4. EFFORTS TO IDENTIFY DUPLICATION

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

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

There are no small entities affected by this collection as this form is for individual filers.

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

The consequences for collecting this information are that the IRS will not be able to clearly determine how many complaints against tax return preparers it receives, how many complaints are worked, or the total number of multiple complaints against a specific firm or preparer. This affects taxpayer confidence and compromises the Agency's ability to enforce tax compliance effort to the public. Tax compliance is a vital part of the government's ability to meet its' mission and serve the public.

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, 2019 (84 FR 20002), we received one comment during the comment period regarding these regulations.

The comment was received by Dennis A. Dobos, Director - Low Income Taxpayer Clinic, with The Legal Aid Society of Cleveland. Mr. Dobos comment is that the process needs to be more straight forward and specifically stating that in Form 14157 and 14157-A, that taxpayers must substantiate the paid status of preparers and allowing victims to submit affidavits as evidence of the status.

The agency does not see a need for any revision. The Form 14157-A, Tax Return Preparer Fraud or Misconduct Affidavit, includes instructions with the form. The instructions ask the taxpayer to provide "Evidence corroborating that the tax preparer held themselves out as being in the business of preparing returns" and "Evidence corroborating that there was interaction with the tax preparer." The instructions include many examples of the documentation that can be submitted, but to provide flexibility, also indicate that the list is not all inclusive. One or more items of evidence to establish this fact, which "may" include proof of payment as an options. IRS employees who review Return Preparer Misconduct claims are not instructed to request any

information from the taxpayer beyond what is in the Form 14157-A instructions. In fact, employees can accept and allow a claim with incomplete information if the missing information can be obtained through internal research.

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 Customer Account Data Engine

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the “Preparer Inventory, PREP-INV” system and a Privacy Act System of Records notice (SORN) has been issued for this system under:

- IRS 24.046- CADE Business Master File
- IRS 24.030- CADE Individual Master File
- IRS 34.037- IRS Audit Trail and Security Records System
- IRS 22.063- Electronic Filing Records

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

Form 14157 and Form 14157-A often come directly to the Return Preparer Office (RPO). If the taxpayer needs victim’s assistance, we forward the form to the Identity Theft Victim’s Assistance (IDTVA) group. Some of the Form 14157-A’s go directly to Identity Theft Victim’s Assistance group. If a return preparer was not involved, the form is not sent to RPO. The estimates are as follows:

Form	Description	# Respondents	# Responses Per Respondent-Approximate	Total Annual Responses	Hours Per Response	Total Burden
14157 and 14157-A	Tax Return Preparer Complaint and Tax Return Preparer Fraud or Misconduct Affidavit	7,500	1	7,500	12 minutes	1,593
TOTAL		7,500		7,500		1,593

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 14157 & 14157-A	\$ 630,000	(\$0)	\$ 630,000
Grand Total	0630,000		0630,000

Table costs are based on 2018 actuals obtained from IRS Chief Financial Office and Media and Publications

15. REASONS FOR CHANGE IN BURDEN

There is a decrease in burden due to an adjustment in the estimated number of responses. The estimate is based on the most recent filing data. The agency clarified the language on IRS.gov & made internal process updates. Both changes helped people figure out when to send these forms vs. some other form, which has contributed to the reduction.

	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	7,500			-3,500		11,000
Annual Time Burden (Hr)	1,593			-744		2,337

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 regulations 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.