

SUPPORTING STATEMENT
Internal Revenue Service
Form 972
Consent of Shareholder to Include Specific Amount in Gross Income
OMB# 1545-0043

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 565 allows certain corporations to deduct dividends paid to their shareholders. Form 972 is used by shareholders to agree to report as a taxable dividend on their own tax return a consent dividend even though they received no distribution. The corporation may then be able to claim a consent dividends deduction. A shareholder who agrees to report a consent dividend as taxable income on their own tax return complete and send this form to the corporation that will claim the consent dividend as a deduction.

2. USE OF DATA

IRS uses Form 972 to determine if shareholders are reporting the amount of the dividends in gross income on their personal tax returns.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

This form is completed by the shareholder by the due date of the corporation's tax return for the tax year the corporation will claim the consent dividends as a deduction. The corporation must attach Form 973, Corporation Claim for Deduction for Consent Dividends, and a copy of each completed Form 972 to its income tax return. . This form is electronically available. However, there are currently no plans to allow this form to be electronically submitted due to where and how it is used.

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.

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

There is minimal to no burden on small businesses or entities by this collection due to the inapplicability of the authorizing statute under section 565 to this type of entity.

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

A less frequent collection would not allow IRS to determine the amount of dividends that are included in gross income on the shareholders personal tax return.

4. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

There are no special circumstance requiring data collection to be inconsistent with guidelines in 5 CFR 1320.5(d)(2).

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

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding Form 972.

In response to the *Federal Register* notice (84 FR 48215), dated September 12, 2019, we received no comments during the comment period regarding Form 972.

6. 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 "Business Master File (BMF)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.046-Customer Account Data Engine Business Master File. 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

Section 565 allows a corporation to file a consent dividend deduction. Form 972 is used by shareholders who agrees to report a consent dividend as taxable income on their own tax return and send this form to the corporation that will claim the consent dividend as a deduction.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
§ 565	Form 972	100	1	100	3.85	385
Totals		100	1	100		385

The following regulations impose no additional burden:

Please continue to assign OMB number 1545-0043 to these regulations.

1.565-1(b)	1.565-6	1.565-4
1.565-2	1.565-1	1.565-5
1.565-3	1.565-2	1.565-6
1.565-5	1.565-3	

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

After consultation with various functions within the Service, we have determined that the cost of developing, printing, processing, distribution, and overhead for Form 972 is \$10,936.

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 972	\$10,936	\$0	\$10,936
Grand Total	\$10,936	\$0	\$10,936
Table costs are based on 2018 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 burden previously approval by OMB. This submission is for renewal purposes.

16. 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 form sunset 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. EXCEPTION 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.

