

SUPPORTING STATEMENT
Internal Revenue Service
(Form 14242 and Form 14242 (SP))
Reporting Abusive Tax Promotions or Preparers / Informe las Presuntas Promociones
de Planes
OMB #1545-2219

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The SBSE Lead Development Center (LDC) was established in April 2002 as authorized in Delegation Order No. 193. The LDC's overall objective is to identify and deter individuals who promote abusive tax schemes and/or prepare abusive returns. The LDC evaluates and develops information from internal and external sources. Additionally, internet research is conducted to identify promoters/preparers and detect promotional material that market abusive tax schemes through the Internet. As the national clearinghouse for promoter and preparer leads, LDC's role is to conduct research and develop leads relating to abusive transactions.

2. USE OF DATA

The collection of information is necessary to obtain leads for suspected abusive tax schemes and the tax return preparers or individuals who promote such schemes.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS Publications, Regulations, Notices and Letters are to be electronically enabled on an as practicable basis in accordance with the IRS Reform and Restructuring Act of 1998.

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

The collection of information requirement will not have a significant economic impact on a substantial number of small entities.

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

The consequences are that the taxpayers will not have a simplified method to report the information necessary to report an abusive tax avoidance schemes. If the IRS did not collect this information, the IRS will have to spend more taxpayer assistance resources to collect this data through other means. This will compromise the Agency's ability to enforce tax compliance. 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 November 29, 2019 (84 FR 25883), we received no comments during the comment period regarding these forms.

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 "Return Review Program" (RRP) system and a Privacy Act System of Records notice (SORN) has been issued for this system under the following systems:

Treasury/IRS 34.037	IRS Audit Trail and Security Records System
Treasury/IRS 42.021.....	Compliance Programs and Projects Files
Treasury/IRS 22.054.....	Subsidiary Accounting Files
Treasury/IRS 22.062.....	Electronic Filing Records
Treasury/IRS 24.030.....	CADE Individual 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 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

Authority	Description	Number of Responses	#Responses per Respondent	Annual Responses	Hours per Response	Total Burden
	Form 14242	360	1	360	10 mins	60 hours
	Form 14242(SP)	100	1	100	10 mins	17 hours
Totals		460				77 hours

Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time.

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

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.

15. REASONS FOR CHANGE IN BURDEN

There is no change to the paperwork burden previously approved by OMB. IRS is making this submission for renewal purposes.

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 forms sunset 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.