

SUPPORTING STATEMENT
Internal Revenue Service
OMB Number 1545-0008
(IRS Forms W-2, W-2c, W-2AS, W-2GU, W-2VI
W-3, W-3c, W-3cPR, W-3PR, W-3SS)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 6051 of the Internal Revenue Code requires employers to furnish income and withholding statements to employees and to the IRS. Employers report income and withholding information on Form W-2. Forms W-2AS, W-2GU, and W-2VI are variations of the W-2 for use in U.S. possessions. The W-3 series forms transmit W-2 series forms to SSA for processing. The W-2c and W-3c series are used to correct previously filed forms.

2. USE OF DATA

The forms provide the employee with the information needed to prepare their income tax return, and the IRS with the information necessary to reconcile employment tax returns filed by employers. The Social Security Administration receives a copy of the W2 in order to confirm Social Security taxes paid and uses it to calculate benefits to retirees. While Social Security uses the form, they do not account for burden.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

85% of Form W-2's are filed on magnetic tape or electronically.

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 are no methods to minimize burden on small businesses or other small entities. The form has been structured to request the least amount of information and still satisfy the requirements of the statute and the needs of the Service.

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

Consequences of less frequent collection on federal programs or policy activities could result in inaccurate reporting of the information needed for employees to prepare their

income tax return, and the IRS with the information necessary to reconcile employment tax returns filed by employers.

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 21, 2019, (84 F. R. 64410), we received no comments during the comment period regarding W-2, W-2C, W-2AS, W-2GU, W-2VI, W-3, W-3C, W-3CPR, W-3PR, and W-3SS.

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 “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 Internal Revenue Service 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 reporting burden for Forms W-2/W-3 and existing regulations associated with them is as follows:

Forms	Numbers of Responses	Estimated Time/per/Responses	Total Annual Burden Hours
W-2	247,118,200	.50	123,559,100
W-2AS	5,414	.39	2,112
W-2c	150,297	.67	100,699
W-2GU	5,414	.41	2,220
W-2VI	2,028	.41	832
W-3	6,747,800	.47	3,171,466
W-3c	150,297	.86	129,256
W-3cPR	5,150	.53	2,730
W-3PR	40,594	.45	18,268
W-3SS	5,414	.41	2,220
Totals	254,230,608	Varies	126,988,903

Related Regulations

31.6051-1	31.6081(a)-1(a)(3)
31.3402(o)-3(h)(3)(i)	31.3121(a)(2)-2e
31.3231(e)-(2)(e)(2)	1.117-6(e)
1.6011-1	31.6053-2
31.608(a)-19(a)(3)	31.3402(o)-3(h)(3)(r)
31.6041-2	31.6052-1
31.6052-2	31.9101-1
31.6051-1(a), (b), (c), (d), (f), (g)	31.6051-3(a), (b), (e)
31.6051-2(a), (b), (c)	1.117-6(d)(4)

We have reviewed these regulations and have determined that the reporting requirements contained in them are entirely reflected on the Form W-2 series.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There were no estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services provided to respondents.

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 W-2	126,134	+	315,181	=	441,315
Form W-2/W-3 Instructions	48,051	+	47,731	=	95,782
Form W-2AS	51,944	+	3,433	=	55,377
Form W-2G Instructions	7,108	+	844	=	7,952
Form W-2c	17,315	+	0	=	17,315
Form W-2GU	51,944	+	7,125	=	59,069
Form W-2VI	51,944	+	4,877	=	56,821
Form W-3	55,443	+	42,492	=	97,935
Form W-3c	14,216	+	0	=	14,216
Form W-3cPR	10,936	+	0	=	10,936
Form W-3cPR Instructions	2,734		0		2,734
Form W-3PR	46,203	+	3,730	=	49,933
Form W-3PR Instructions	7,108		0		7,108
Form W-3SS	35,541		4,502		40,043
Grand Total	526,621		429,915		956,536
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

IRS is making this submission to renew the OMB approval. There is an increase of 126,988,902 hours of burden being requested due to a change in agency estimates. While these hours were estimated previously in the supporting statement, they were not included as part of the OMB Inventory due to a historic understanding that they were being claimed by another agency (Social Security Administration), who receives W-2 & W-3 filings directly. After confirming that this burden was not in fact being recorded under any other OMB Control Numbers, IRS has decided to account for it under 1545-0008. This increase does not reflect an actual change in burden on the public, but is solely an administrative correction.

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.

OMB EXPIRATION DATE

We believe the public interest will be better served by not printing an expiration date on the form(s) in this package.

Printing the expiration date on the form will result in increased costs because of the need to replace inventories that become obsolete by passage of the expiration date each time OMB approval is renewed. Without printing the expiration date, supplies of the form could continue to be used.

The time period during which the current edition of the form(s) in this package will continue to be usable cannot be predicted. It could easily span several cycles of review and OMB clearance renewal. In addition, usage fluctuates unpredictably. This makes it necessary to maintain a substantial inventory of forms in the supply line at all times. This includes supplies owned by both the Government and the public. Reprinting of the form cannot be reliably scheduled to coincide with an OMB approval expiration date. This form may be privately printed by users at their own expense. Some businesses print complex and expensive marginally punched continuous versions, their expense, for use in their computers. The form may be printed by commercial printers and stocked for sale. In such cases, printing the expiration date on the form could result in extra costs to the users.

Not printing the expiration date on the form(s) will also avoid confusion among taxpayers who may have identical forms with different expiration dates in their possession.

For the above reasons we request authorization to omit printing the expiration date on the form(s) in this package.