

**SUPPORTING STATEMENT**  
Internal Revenue Service  
Returns regarding payments of interest  
OMB # **1545-0112**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

IRC section 6049 requires payers of interest of \$10 or more to file a return showing the aggregate amount of interest paid to a payee. Regulations sections 1.6049-4 and 1.6049-7 require Form 1099-INT to be used to report this information. IRC section 6041 and Regulations section 1.6041-1 require persons paying interest (that is not covered under section 6049) of \$600 or more in the course of their trades or businesses to report that interest on Form 1099-INT.

2. USE OF DATA

IRS uses Form 1099-INT to verify compliance with the reporting rules and to verify that the recipient has included the proper amount of interest on his or her income tax return.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Form 1099-INT is electronically enabled. IRS allows for the electronic collection of data from financial institutions. Institutions have flexibility in how that information is disclosed to their accountholders.

4. EFFORTS TO IDENTIFY DUPLICATION

IRS has attempted to eliminate duplication within the agency wherever possible.

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.

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

A less frequent collection will not enable the IRS to verify compliance with the reporting rules and to verify proper reporting of interest by the recipient on the appropriate income tax return.

2. 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).

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

On November 15, 1982, the IRS published in the Federal Register amendments to the Income Tax Regulations (26 CFR Part 1) under section 6045 of the Internal Revenue Code of 1954 (47 FR 51415) [LR-148-80, 19882-2C.B. 887]. The amendments were proposed to provide rules relating to returns of brokers under section 6045 of the Code. Section 311 of the Tax Equity and Fiscal Responsibility Act of 1982 (96 Stat.600) [Pub L. 97-248, 1982-2 C.B. 462, 560] amended section 6045.

A public hearing was held on January 27, 1983. After consideration of all comments regarding the proposed amendments, those amendments were adopted as revised in TD 7873 (1983-1 C.B. 307).

On May 19, 1999, the IRS published in the Federal Register a notice of proposed rulemaking (REG-100905-97, 1999-22 I.R.B. 10 [64 F.R. 27221]) intending to eliminate the regulatory requirement that certain information be set forth on the face of a certificate representing a CDO or REMIC regular interest.

The public hearing scheduled for September 13, 1999, was canceled because no one requested to speak, and the only written comment received supports finalizing the regulations in the form proposed. Treasury decision 8888, therefore, adopted the proposed regulations with no change.

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 1099-INT.

IRS received no comments during the comment period in response to the **Federal Register** notice (84 FR 65898), dated November 29, 2019.

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

No payment or gift has been provided to any respondents.

5. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 USC 6103.

6. 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.

7. ESTIMATED BURDEN OF INFORMATION COLLECTION

The total estimated annual burden for these requirements is estimated to be 46,403,150 hours.

OMB Collection	Authority	Form	Estimated Annual Responses	Hours per Response	Total Burden
1545-0112	CFR 1.6045-1	1099-INT	140,555,000	.33	46,383,150
1545-0112		1099-INT (Box 5) <sup>1</sup>	1,000,000	.02	20,000
	<b>IRS TOTAL</b>		<b>141,555,000</b>		<b>46,403,150</b>

The following regulation imposes no additional burden. Please continue to assign OMB number 1545-0112 to this regulation.

1.6041-1	1.6041-7(a)	1.6041-7(b)	1.6049-4
1.6049-5	1.6049-7	1.67-3T	1.860D-1
1.860F-4	31.3406(a)(b)(c)(d)(e)(g)(h)		31.6011(a)-10
31.6051-4	31.6302(c)-1	31.6413(a)-3	35a.3406-2(c)
35a.3406-2(g)	35a.3406-2(k)(2)(c)	35a.9999-3, Q/A 89	LR 233-82
LR 244-82	LR 289-82	1.6045-1	

<sup>1</sup> Box 5 burden is calculated separately to show the shares of investment expenses of a single class Real Estate Mortgage Investment Conduit (REMIC), which is not deductible and is reported separately.

8. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice dated November 29, 2019, requested public comments on estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. However, IRS did not receive any responses from taxpayers on this subject. As a result, estimates of these cost burdens are not available currently.

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.

9. 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.

<b>Product</b>	<b>Aggregate Cost per Product (factor applied)</b>	<b>Printing and Distribution</b>	<b>Government Cost Estimate per Product</b>
1099-INT	\$ 73,925	\$ 92,352	\$ 166,277
Instr 1099INT&OID	\$ 8,885	\$ 7,152	\$ 16,037
<b>Grand Total</b>	<b>082,810</b>	<b>0 99,504</b>	<b>0182,314</b>
Table costs are based on 2018 actuals obtained from IRS Chief Financial Officer and Media and Publications			
* New product costs will be included in the next collection update.			

10. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. IRS is making this submission to renew the OMB approval.

11. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis and publication.

12. 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.

13. 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.