

SUPPORTING STATEMENT
Internal Revenue Service
(Form 1099-B) Proceeds From Broker and Barter Exchange Transactions
OMB 1545-0715

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code section 6045 and the regulations there under require brokers to submit an information return (Form 1099-B) to report the gross proceeds from transactions, and barter exchanges to submit an information-return with respect to exchanges of property or services.

1. USE OF DATA

The form is used by IRS to verify compliance with the reporting rules and to verify that the recipient has included the proper amount of income on his or her return.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The IRS is currently offering electronic filing on Form 1099-B.

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. This collection relates to brokers and barter exchanges.

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

A less frequent collection would prevent the IRS from verifying compliance with the reporting rules and verifying that the recipient has included the proper amount of income on his or her return thereby preventing the IRS from meeting its mission to determine compliance with tax law requirements from section 6041(a) and 6041A.

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 (85 FR 43648), dated July 17, 2020, we received no comments during the comment period regarding Form 1099-B.

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 "Filing Information Return Electronically (FIRE)" and "Service Center Recognition Image Processing System". The Privacy Act System of Records Notice (SORN) has been issued for this system under IRS 22-061-Individual Master File Taxpayer Services; IRS 24.030-Customer Account Data Engine Individual Master File; IRS 24.046-Customer Account Data Engine Business Master File; and IRS 34.037-IRS Audit Trail and Security Records System. The Internal Revenue Service PIAs can be found at <http://www.treasury.gov/privacy/PIAs/Pages/default.aspx>.

Name, SSN, TIN, and address are collected as authorized by 26 USC 6109.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Annual Responses and Burden with Changes:

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC § 6045	Form 1099-B	1,434,809,803	1	1,434,809,803	.47	674,360,608
Totals		1,434,809,803		1,434,809,803		674,360,608

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0715 to these regulations.

1.6045-1(a)(15)

1.6045-1(g)

We have reviewed the above regulations and have determined that the reporting requirements

contained in them are entirely reflected on Form 1099-B. The justification appearing in item 1 of the supporting statement applies to both these regulations and to Form 1099-B.

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 1099B	73,925	14,219	88,143
Form Instructions	9,241	1,338	10,578
Grand Total	83,166	15,557	98,721
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 is no change in the paperwork burden previously approved by OMB. The IRS is making this submission to renew the OMB approval.

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

The IRS believes that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the form 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.