

## **SUPPORTING STATEMENT**

### **Internal Revenue Service**

Representation of taxpayers before the Internal Revenue Service

Form 2848 and 2848 (SP)

**OMB 1545-0150**

#### **1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Title 26 CFR 601, Subpart E, Conference and Practice Requirements, sets forth the rules for acting on behalf of a taxpayer, presenting written or oral statements of fact on behalf of the taxpayer, and receiving or inspecting confidential tax information concerning the taxpayer being represented.

The rules prescribed in this subpart concern, among other things, the representation of taxpayers before the Internal Revenue Service under the authority of a power of attorney. These rules apply to all offices of the Internal Revenue Service in all matters under the jurisdiction of the Internal Revenue Service and apply to practice before the Internal Revenue Service.

These rules detail the means by which a recognized representative is authorized to act on behalf of a taxpayer. Such authority must be evidenced by a power of attorney and declaration of representative filed with the appropriate office of the Internal Revenue Service. In general, a power of attorney must contain certain information concerning the taxpayer, the recognized representative, and the specific tax matter(s) for which the recognized representative is authorized to act. Sections 601.501 through 601.509 outline the conference and practice requirements.

Section 601.504 provides the details for the requirements for filing a proper power of attorney. Form 2848 and Form 2848(SP) were created by the IRS to help clarify the requirements outlined in 601.504. Taxpayers may use these or like-forms to provide IRS a power of attorney, as long as all relevant information (as outlined in 601.504) is included.

Title 31 CFR 330, Practice before the Department, regulates the practice of representatives of persons before the Department of the Treasury. The requires that before admitting a representative to practice, that the representative demonstrate: good character, good reputation, necessary qualifications to enable the representative to provide to persons valuable service, and competency to advise and assist persons in presenting their cases.

#### **2. USE OF DATA**

The information collected by the IRS will be used to set forth the rules for acting on behalf of a taxpayer, presenting written or oral statements of fact on behalf of the taxpayer, and receiving or inspecting confidential tax information concerning the taxpayer being represented. Affected taxpayers are individuals or households, business or

other for-profit organizations, not-for-profit institutions, estate, trusts, and farms.

**3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

Taxpayers have various technologies available in communicating with the IRS depending on the particular circumstances. A power of attorney must be maintained by IRS to enable representatives quick and proper service. Power of Attorney forms may be submitted to IRS via fax machine or postal carrier. These addresses are provided to taxpayers in the instructions to Form 2848 and Form 2848(SP).

**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**

Small businesses should not be disadvantaged as the requirements are 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**

Failure to collect the information will prevent taxpayers from properly complying and/or reporting with the requirements outlined.

**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 July 20, 2020, (85 FR 43943)**, the IRS received no comments regarding these forms.

**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**

In accordance with the Privacy Act of 1974, Treasury has published its complete Privacy Act systems of records notices, which include all maintained records systems as of January 2, 2014; six systems have been amended, altered, or added since April 20, 2010, when the complete notices were last published. See 79 F.R. 209-261 and 79 F.R. 183-206, which was published on January 2, 2014.

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the “Individual Master File (IMF)” system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.030--Customer Account Data Engine Individual Master File, formerly Individual 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>.

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 time needed to complete and file the forms will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and the estimated burden for business filers is approved under 1545-0123, and are included in the estimates shown in the instructions for their individual or business income tax return. The estimated burden for all other taxpayers who file this form is shown below.

Authority	Form	# Respondents	# Responses Per Respondent	# Annual Responses	Hours Per Response	Total Burden
CFR 601.504	2848	458,333	1	458,333	1.99	912,083
CFR 601.504	2848(SP)	80,000	1	80,000	2.26	180,800
<b>Totals</b>		<b>538,333</b>		<b>538,333</b>		<b>1,092,883</b>

The following regulations impose no additional burden. Please continue to assign OMB

number 1545-0150 to these regulations.  
601.504

The IRS has reviewed the above regulations and have determined that the reporting requirements contained in them are entirely reflected on the form. The justification appearing in item 1 of the supporting statement applies both to the regulations and to the form.

The Privacy Act Notice can be found in the instructions for Form 2848 and 2848 (SP). The PRA and time burden information in the instructions will be updated during the next revision cycle.

**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 Form 2848 and 2848 (SP) is summarized in the table below. The 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.

<b>Product</b>	<b>Aggregate Cost per Product (factor applied)</b>	<b>Printing and Distribution</b>	<b>Government Cost Estimate per Product</b>
Form 2848	\$14,216	0	\$14,216
Instructions	\$2,734	0	\$2,734
Form 2848 (SP)	\$14,216	0	\$14,216
Instructions	\$2,734	0	\$2,734
<b>Grand Total</b>	<b>\$33,900</b>	<b>0</b>	<b>\$33,900</b>
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 from the previous approval. This submission is being made 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 agency 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.