

Supporting Statement
Internal Revenue Service
(TD 9327)

Disclosure of Returns and Return Information in Connection With Written Contracts or Agreements for the Acquisition of Property or Services for Tax Administration Purposes
OMB No. 1545-1821

9. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Pursuant to regulations, Internal Revenue Code section 6103(n) authorizes the disclosure of returns and return information to any person to the extent necessary in connection with the processing, storage, transmission, and reproduction of such returns and return information, the programming, maintenance, repair, testing, and procurement of equipment, and the providing of other services, for purposes of tax administration. Internal Revenue Code section 7213 makes it unlawful for any person described in section 6103(n) or any officer or employee of any such person willfully to disclose to any person any return or return information except as authorized by the Internal Revenue Code. Similarly, Internal Revenue Code section 7213A makes it unlawful for any person described in section 6103(n) or any officer or employee of any such person willfully to inspect any return or return information except as authorized by the Internal Revenue Code.

Treasury Regulation section 301.6103(n)-1 sets forth the conditions under which disclosures of returns and return information to any person (Contractor), or to an officer or employee of such Contractor, may be made to the extent necessary in connection with contractual procurement of (1) equipment or other property, or (2) services relating to the processing, storage, transmission, or reproduction of such returns or return information, the programming, maintenance, repair, or testing of equipment or other property, for purposes of tax administration. Under paragraph (c) of section 301.6103(n)-1, each officer or employee of any Contractor to whom returns or return information is or may be disclosed as authorized by section 301.6103(n)-1 must be notified of the prohibitions against unauthorized disclosure of return and return information, the prohibitions against unauthorized inspection of returns and return information, and the potential penalties for such acts as imposed by Internal Revenue Code sections 7213 and 7213A respectively.

The requirement that Contractors notify employees and officers of the prohibitions against unauthorized use and disclosure of tax information and potential penalties is imposed in order to promote compliance by officers and employees with the restrictions of sections 6103, 7213 and 7213A, and to protect the privacy of American taxpayers.

Section 301.6103(n)-1(e)(3) of the regulations require that before the execution of a contract or agreement for the acquisition of property or services under which returns or return information will be disclosed, the contract or agreement must be made available to the IRS.

10. USE OF DATA

The Service will make no use of the information required, pursuant to Treasury Regulation section 301.6103(n)-1(c), to be disclosed to employees and officers of contractors.

11. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Contractors may use automated, electronic, or other technological means to provide the required written notification to employees and officers of contractors pursuant to Treasury Regulation section 301.6103(n)-1(c). Treasury Regulation section 301.6103(n)-1(c) does not limit the means through which the required written notification is provided.

12. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available for use or adaptation from another source.

13. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

The required notification to employees and officers of contractors pursuant to Treasury Regulation section 301.6103(n)-1(c) does not have a significant impact on substantial number of small businesses or other small entities.

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

The Internal Revenue Service (IRS) will make no use of the information required, pursuant to Treasury Regulation section 301.6103(n)-1(c), to be disclosed to employees and officers of contractors.

15. 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).

16. 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 May 21, 2020 (85 FR 31028), IRS received no comments during the comment period regarding TD 9327.

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

No payment or gift will be provided to any respondents.

18. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Responses consist solely of the requirements and penalties imposed by the United States Code and the Code of Federal Regulations, which are publicly available.

19. JUSTIFICATION OF SENSITIVE QUESTIONS

No personally identifiable information (PII) is collected.

20. ESTIMATED BURDEN OF INFORMATION COLLECTION

A copy of any contract or agreement shall be made available to the IRS before execution. This would be a reporting requirement on the State agencies pursuant to Treasury Regulation section 301.6103(n)-1(e)(3).

The IRS estimates that the annual number of respondents will be 2,500; the burden per respondent will average 6 minutes; and that the total annual reporting burden will be 250 hours.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
301.6103(n)-1(e)(3)	Copy of contract or agreement made available before execution	2500	1	2500	.10	250
Totals		2500		2500		250

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0172 to these regulations:

301

602

301.6103(n)-1(e)(3)

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

21. 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.

22. 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.

23. 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.

24. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

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

25. 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.

26. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions to the certification statement for this collection.

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.