

1SUPPORTING STATEMENT
Internal Revenue Service
(FORMS; 943, 943-PR, 943-A, 943-A-PR, 943-R, 943-X, and 943-X-PR)
Employer's Annual Tax Return for Agricultural Employees Series
OMB # 1545-0035

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Sections 3101(a) and (b), and 3111(a) and (b), 3402(p), and 6011(a) and (b) of the Internal Revenue Code and sections 31.6011(a)-1 and 31.6011(a)-4 of the Employment Tax Regulations require agricultural employers to report (a) the employees' and employers' FICA taxes on wages and (b) the amounts withheld for income tax. Form 943 is used for this purpose.

Sections 3101(a) and (b), 3111(a) and (b), and 6011(a) and (b) of the Internal Revenue Code and section 31.6011(a)-1 of the Employment Tax Regulations require agricultural employers in Puerto Rico to report the employees' and employers' FICA taxes on wages. Form 943-PR is used for this purpose.

Section 6302(c) of the Internal Revenue Code and section 31.6302-l(g) of the Employment Tax Regulations require agricultural employers who are semiweekly depositors to deposit the taxes accumulated during the semiweekly period within 3 banking days of the end of the period. Section 31.6302-l(c)(3) of the Employment Tax Regulations requires that agricultural employers, who on any day within a deposit period accumulate \$100,000 or more of employment taxes, must deposit them by the close of the next banking day. Forms 943-A and 943A-PR are optional forms that may be used by agricultural employers to show their tax liabilities for the semiweekly periods and \$100,000 one-day rule.

Public Law Families First Coronavirus Response Act 116-127, Sections 7001 and 7003 (Payroll Credit for Required Paid Sick Leave) shall allow a credit against the tax imposed by section 3111(a). Public Law Coronavirus Aid, Relief, and Economic Security Act 116-136, Sections 2301 (Employee Retention Credit for Employers Subject to Closure Due to Covid-19), shall allow a credit against applicable employment taxes and 2302 (Delay of Payment of Employer Payroll Taxes), the payment of applicable employment taxes for the payroll tax deferral period.

Sections 3511 and 7705 generated Form 943-R which is used by CPEOs to report and allocate the aggregate payroll information reported on Form 943 to each specific agricultural client.

Form 943-X is used to correct errors made on Form 943, Employer's Annual Federal Tax Return for Agricultural Employees, for one year only.

Form 943-X-PR, for use in Puerto Rico, is used to correct errors made on Form 943, Employer's Annual Federal Tax Return for Agricultural Employees, for one year only.

2. USE OF DATA

This form will provide to the agency specific payroll data by client, regarding the agricultural payroll information that is reported in aggregate form on Form 943. The data will be used to

monitor and ensure that professional employer organizations are complying with their tax withholding, depositing and reporting obligations.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Electronic filing is available for Form 943, Form 943-PR and Form 943 Schedule R. We have no plans at this time to offer electronic filing for 943-A, 943A-PR, 943-X, and 943-X-PR due to low volume of filers.

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 is no flexibility to reduce burden on small businesses or other small entities because the statutes apply to small businesses and small entities.

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

A less frequent collection will not enable the IRS to determine compliance applicable to the agency specific payroll data by client regarding the agricultural payroll information that is reported in aggregate on the Form 943 series. If the data is not collected the IRS will be unable to monitor and ensure that professional employer organizations are complying with their tax withholding, depositing and reporting obligations and the IRS would be unable to meet its mission.

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 29, 2020 (85 FR 45738), IRS received no comments during the comment period regarding Forms 943, 943-PR, 943-A, 943-A-PR, 943-R, 943-X, and 943-X-PR.

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

No payment of gift will be provided to 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 Document Specific" system under IRS 24.030- Individual Master File Customer Acct Data Engine C, IRS 24.064-Business Master File, and IRS 34.037-IRS Audit Trail & Security Records System.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The burden estimate is as follows:

Authority	Description	Annual Responses	Hours per Response	Total Burden
	Form 943 mail out	337,000	17.63	5,941,310
	Form 943 Over the counter (OTC)	332,000	13.25	4,399,000
	Form 943 Voucher	157,625	.24	37,830
	Form 943 Voucher OTC	8,300	.97	8,051
IRC § 3301	Total of Form 943	0		0
	Form 943-PR	5,305	11.55	61,273
	Form 943PR/943(PR) OTC	1,305	.73	953
	Form 943-PR Voucher preprinted	4,000	.24	960
IRC § 3301	Total of Form 943 PR	0		0
IRC § 6302	Total of Form 943-A	10,000	8.51	85,100
IRC § 6302	Total of Form 943A-PR	138	8.51	1,175
IRC § 6205	Total of Form 943-X	100,000	17.31	1,731,000
IRC § 6205	Total of Form 943X-PR	10,000	17.31	173,100
IRC § 3511	Total of Form 943 Sch R	25	21.31	533
Grand Total		0		12,440,285

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0035 to these regulations.

31.6011(a)-1(2)

31.6011(a)-1(2)
31.6011(a)-1
31.6011(a)-4
31.6302-1
31.3511

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.

<u>Product</u>	<u>Aggregate Cost per Product (factor applied)</u>		<u>Printing and Distribution</u>		<u>Government Cost Estimate per Product</u>
Form 943	32,807	+	3,717	=	36,524
Form 943 (Instructions)	5,468		1,243		6,711
Form 943A	10,936				10,936
Form 943APR	10,936				10,936
Form 943PR	32,807				32,807
Form 943PR (Instruction)	5,468				5,468
Form 943X	12,758				12,758
Form 943X (Instruction)	5,012				5,012
Instructions					
Grand Total	116,192		4,960		121,152
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

New lines were added to report qualified sick leave wages and qualified family leave wages, to calculate the employee share of social security tax on qualified sick and family leave wages, and to report the nonrefundable portion of the credit for qualified sick and family leave wages and retention credit. The instructions will have a worksheet to figure these amounts. Additional lines are added to report total nonrefundable credits, to report the deferred payment of the employer share of social security tax, to report the refundable portion of the credit for qualified sick and family leave wages and refundable portion of the employee retention credit. Editorial changes and lines to report the totals, and request additional information related to the new credits were also added.

Schedule R (Form 943) has been revised to accommodate all of the new lines added to the 2020 Form 943.

The above changes will result in an overall burden program change increase of 1,557,147 hours.

	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses	965,698	0	0	0	0	965,698
Annual Time Burden (Hr)	12,440,285	0	1,557,147	0	0	10,883,138

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 form sunsets as of the expiration date. Taxpayers are not likely to be aware that the IRS 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 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.