

Internal Revenue Service  
SUPPORTING STATEMENT  
Form 8944, Preparer e-file Hardship Waiver Request and  
Form 8948, Preparer Explanation for not filing electronically  
TD 9518, Proposed Collection; Comment Request for Regulation Project  
OMB Control Number 1545-2200

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

TD 9518 addresses the Regulations on Income Taxes (26 FR Part 1) and the Regulations on Procedure and Administration (26 CFR part 301) under section 6011(e) of the Code relating to the requirement for specified tax return preparers to file individual income tax returns using magnetic media (electronically). Section 17 of the Worker, Homeownership, and Business Assistance Act of 2009 (Pub. L. 111-92 (123 Stat. 2984, 2996)) amended section 6011(e)(1) and added section 6011(e)(3) as an exception to the restriction in section 6011(e)(1) that the Secretary may not require returns of any tax imposed by subtitle A on individuals, estates, and trusts to be filed in any format other than paper forms supplied by the Secretary. Section 6011(e)(3) provides that the Secretary shall require the filing on magnetic media of any individual income tax returns prepared and filed by a specified tax return preparer. Section 6011(e)(3)(B) defines a *specified tax return preparer* as, with respect to any calendar year, any tax return preparer unless such preparer reasonably expects to file 10 or fewer individual income tax returns during such calendar year. Section 6011(e)(3) does not define the term "filed."

Under section 6011(e)(3)(C), an *individual income tax return* is any return of the tax imposed by subtitle A on individuals, estates, and trusts. This includes any return of income tax in the Form 1040 series and Form 1041 series. It also includes Form 990-T (Exempt Organization Business Income Tax Return) when the exempt organization is a trust subject to tax on unrelated business taxable income under section 511(b).

The IRS also released Notice 2010-85, see IR-2010-116 (December 1, 2010) and 2010-51 IRB 877 (December 20, 2010), which contained a proposed revenue procedure that would provide guidance to tax return preparers regarding the format and content of undue hardship waiver requests and taxpayer choice statements. Notice 2010-85 explains the circumstances when someone who is a tax return preparer (for returns filed after 12/31/10, IRC 6011(e)(3)(B) defines a "specified tax return preparer" as any tax preparer, unless such preparer reasonably expects to file 10 or fewer individual income tax returns during a calendar year) qualifies for an administrative exemption from filing a certain tax return electronically. Specified tax return preparers use Form 8944 to request an undue hardship waiver from the section 6011(e)(3) requirement to electronically file returns of income tax imposed by subtitle A on individuals, estates, or trusts. Form 8948 is to be used only by specified tax return preparers that are required to e-file the covered returns they prepare that are able to be filed electronically. Form 8948 is used to explain which exception applies when a covered return is prepared and filed on paper.

This proposed revenue procedure was adopted as revised by revenue procedure 2011-25. This revenue procedure provides guidance to specified tax return preparers regarding the format and content of requests for waiver of the magnetic media (electronic) filing requirement due to

undue hardship, and regarding the time and manner in which specified tax return preparers who seek an undue hardship waiver of the electronic filing requirement must submit their written requests for consideration by the IRS, under *section 6011 (e) (3)* and § 301.6011-7 of the Regulations on Procedure and Administration (26 CFR Part 301). This revenue procedure also provides guidance to tax return preparers, specified tax return preparers, and taxpayers regarding how to document a taxpayer's choice to file an individual income tax return in paper format when the return is prepared by a tax return preparer or specified tax return preparer but filed by the taxpayer.

2. USE OF DATA

The information regarding taxpayer choice is to be used by tax return preparers to demonstrate that the related paper return was not subject to the electronic filing requirement because (1) the taxpayer chose to file the return in paper format, and (2) the return was prepared by the preparer but filed by the taxpayer.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There are no plans to provide online applications for undue hardship waiver requests since the population of the collection is asking to be excluded from the e-filing requirement and thus online processing is not appropriate for the collection of this information. Forms 8944 and 8948, are available for download at [www.irs.gov](http://www.irs.gov).

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 is not possible, because tax return preparers are required to immediately document the information regarding taxpayer choice to demonstrate that the related paper return was not subject to the electronic filing requirement because (1) the taxpayer chose to file the return in paper format, and (2) the return was prepared by the preparer but filed by the taxpayer.

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 issued by the Internal Revenue Service (85 FR 86652) dated December 30, 2020.

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

No gifts or payments are being 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 "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; IRS 34.037-IRS Audit Trail and Security Records System. The Department of Treasury 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.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
Notice 2010-85	Form 8944	90,000	1	90,000	7.99	719,100
T.D. 9518	Form 8948	8,820,000	1	8,820,000	1.99	17,551,800
Totals		8,910,000		8,910,000		18,270,900

The following regulations impose no additional burden. Please continue to assign OMB number 1545-1430 to these regulations.

301.6011-6(c)(1)
301.6011-7

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 ensure accuracy and consistency.

14. ESTIMATED ANNUAL 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 Forms 8944 and 8948 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 8944	\$ 12,758	\$0	\$ 12,758
Form 8948	\$ 12,758	\$ 0	\$ 12,758
<b>Grand Total</b>	<b>\$ 25,516</b>		<b>\$25,516</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 is no change in the burden previously approved by OMB. This submission is for renewal purposes only.

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 or 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.

18. EXCEPTIONS TO THE CERTIFICATION REQUIREMENT

There are no exceptions to the certification statement.

Note: The following paragraph applies to 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 information are confidential, as required by 26 U.S.C. 6103.