

SUPPORTING STATEMENT

Internal Revenue Service

TD 8383, Disclosure of Tax Return Information for Purposes of Quality or Peer Review;  
Disclosure of Tax Return Information Due to Incapacity or Death of Tax Return Preparer  
OMB Control Number 1545-1209

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Internal Revenue Code (IRC) Section 7216 authorizes the disclosure or use of information by tax return preparers for purposes of quality or peer reviews. Section 7216 authorizes the issuance of regulations for guidance in this matter. Section 301.7216-2(p) contains a requirement that tax return preparers being reviewed will maintain a record of the review, including the information reviewed and the identity of the persons conducting the review.

**2. USE OF DATA**

The IRS will use the records kept by tax return preparers to monitor the quality and peer review programs.

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

The IRS has no plans to offer electronic enabling because this collection is a notification of the rules for disclosing or using the information of tax return preparers for purposes of quality or peer reviews.

**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 IRS proactively works with both internal and external stakeholders to minimize the burden on small businesses, while maintaining tax compliance. The Agency also seeks input regarding the burden estimates from the public via notices and tax product instructions. The Agency will continue to as applicable find ways to reduce the burden on small businesses or other small entities.

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

A less frequent collection of this information would prevent the IRS in determining whether the tax return preparers being reviewed will maintain a record of the review, including the information reviewed and the identity of the persons conducting the review are in compliance according to section 301.7216-2(p).

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**

We received no comments during the comment period in response to the *Federal Register* notice, 86 FR 9996, dated February 17, 2021.

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

No payment or gift will be provided to any respondents.

10. **ASSURANCE OF CONFIDENTIALITY OF RESPONSES**

Generally, tax returns and 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 (BMF)” system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.046-Customer Account Data Engine Business Master File. The Internal Revenue Service 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**

Section 301.7216-2(p) of the regulations contains the requirement that tax practitioners maintain a record of the quality or peer review including the information reviewed and identify the persons conducting the review. The burden estimate reflects the number of tax practitioners (attorneys, accountants, and enrolled agents) who may participate in the voluntary program of quality and peer reviews. It is estimated that 250,000 tax practitioners will maintain records relating to quality or peer reviews, and the average annual recordkeeping burden of 1 hour. The total annual recordkeeping burden is 250,000 hours.

The estimated burden is as follows:

Authority	Document	# Respondents	# Responses Per Respondent	Annual Responses	Time Per Response	Total Burden
§301.7216-2(p) and §301.7216-2(o)	TD 8383	250,000	1	250,000	1hr.	250,000
Totals		250,000				250,000

The following regulations impose no additional burden. Please continue to assign OMB number 1545-1209 to this regulation:

**301.7216-2(p)**

**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 primary cost to the government consists of the costs of printing, the forms. We estimate that the costs of printing the forms are \$2,014.

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 startup 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.

<b>Product</b>	<b>Aggregate Cost per Product (factor applied)</b>	<b>Printing and Distribution</b>	<b>Government Cost Estimate per Product</b>
TD 8383	2,014		2,014
<b>Grand Total</b>	<b>2,014</b>		<b>2,014</b>

Table costs are based on 2020 actuals obtained from IRS Chief Financial Office and Media and Publications

**15. REASONS FOR CHANGE IN BURDEN**

There is no change in the paperwork burden previously approved by OMB. We are 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**

We believe 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.

**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.