

Supporting Statement
Internal Revenue Service
Form 5498-QA, ABLE Account Contribution Information and
Form 1099-QA, Distributions From ABLE Accounts
OMB Control Number 1545-2262

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

IRS section 529A requires an information return to be filed for contributions to Achieving a Better Life Experience (ABLE) savings accounts. P.L. 113-295, ABLE Act of 2014 allows individuals and families to save for the purpose of supporting individuals with disabilities to maintain health, independence, and quality of life by establishing and achieving a better life experience (ABLE) savings account. Form 5498-QA, ABLE Account Contribution Information and Form 1099-QA, Distributions from ABLE Accounts and these separate instructions will provide issuers the necessary information for completing, furnishing, and filing the forms for the ABLE account.

The Form 5498-QA and Form 1099-QA are ("furnished") by the state, agency or instrumentality operating the program to the individual and filed with the IRS. It will be the States responsibility to gather this information from the individual and then report it to the IRS annually.

2. USE OF DATA

IRS uses the information to verify compliance with the reporting rules and to verify that the recipient has included the proper amount of income on his or her income tax return.

The IRS will use Form 1099-QA Distributions From ABLE Accounts, to identify officers or employees, or the designee of an officer or employee, having control of a qualified ABLE account and/or who made a distribution from the qualified ABLE account.

The will use Form 5498-QA, ABLE Account Contribution Information reports the contributions, rollovers, and program-to-program transfers to a beneficiaries ABLE account.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Form 5498-QA and 1099-QA are electronically enabled.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available or use or adaption 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. This information collection is for individual taxpayers; therefore, there will be minimal if any impact to small businesses. The forms can be filed electronically, which further reduces any burden to small businesses.

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

The information required is needed to verify compliance with Section 529A of the Internal Revenue Code of the Treasury Regulations. A less frequent collection of taxes and tax information could adversely affect the government's effectiveness and would reduce the oversight of the public in ensuring compliance with Internal Revenue Code and hinder the IRS from meeting its mission.

1. **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 December 15, 2020 (85 FR 81285), IRS received no comments during the comment period 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**

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the "Information Returns Processing (IRP)"; "Payer Master File (PMF)" and a Privacy Act System of Records notice (SORN) has been issued for these systems under IRS 22.061 – Information Return Master File; IRS 24.030 – Customer Account Data Engine Master File; IRS 34.037 - IRS Audit Trail and Security Records System, IRS 24.046-Cade 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. The Privacy Act statement associated with these Forms is listed in the General Instructions for Certain Information Returns.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Form #	Description	# Respondents	# Responses Per Respondent	Total Annual Responses	Hours Per Response	Total Burden
5498-QA	ABLE Account Contribution Information	10,000	1	10,000	.19	1,900
1099-QA	Distributions From ABLE Accounts	10,000	1	10,000	.17	1,700
		20,000		20,000		3,600

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 1099-QA	71,082	+		=	71,082
Instr.1099QA&5498QA	10,662				10,662
Form 5498-QA	56,865				56,865
Instr.1099QA& 5498QA	12,303				12,303
Grand Total	150,912				150,912
Table costs are based on 2020 actuals obtained from IRS Chief Financial Office and Media and Publications					

1. **REASONS FOR CHANGE IN BURDEN**

There is no change in the paperwork burden previously approved by OMB. IRS is submitting this collection for renewal purposes.

2. **PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION**

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

3. **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 forms sunset 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.

4. **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.