

## SUPPORTING STATEMENT

Internal Revenue Service

Employer's Annual Employment Tax Return and Adjusted Employer's Annual Employment Tax Return or  
Claim for Refund

Forms 944, 944(SP), 944-X, and 944-X (SP)

1545-2007

### 1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

In 2006, the IRS introduced Form 944 and 944(SP) to allow certain employers to file their employment tax returns annually and pay the taxes due with their returns. The IRS' goals for the Form 944 and 944(SP) Program are to reduce taxpayer burden for eligible employers that would normally file Form 941 or 941 (PR) Employer's QUARTERLY Federal Tax Return, with little or no employment taxes due and to maintain and possibly improve current filing and payment compliance levels. This form is being offered in both English and Spanish.

The information must be collected to ensure employers are collecting and paying the correct amount of social security tax, Medicare tax, and withheld income tax. The authority for Forms 944 and Form 944(SP) is section 6011 of the Internal Revenue Code and sections 31.6011(a)-1T and 31.6011(a)-4T of the employment tax regulations.

Employers who discover an error on a previously filed Forms 944 or 944-SP use Form 944-X or Form 944-X(SP), respectively, to correct the error and either make a payment, claim a refund, or request abatement.

### 2. USE OF DATA

The information collected will be used by the Internal Revenue Service to ensure employers collect and pay the correct amount of social security tax, Medicare tax, and withheld income tax.

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

All forms in the 944 series are available electronically (fillable and fileable).

### 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

Burden on employers who file Form 944 or Form 944(SP) will be decreased because Form 944 or Form 944(SP) is filed once per year. These employers will not have to file Form 941 quarterly (four times per year).

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

A less frequent collection of the information will not allow the IRS to determine the information that must be collected to ensure employers are collecting and paying the correct amount of social security tax, Medicare tax, and withheld income tax. The consequences are that the IRS will have to spend more taxpayer assistance resources to collect this data through other means. This will compromise the Agency's ability to enforce tax compliance. Tax compliance is a vital part of the government's ability to meet its' mission and serve the public. Additionally, not obtaining this information will not allow the IRS 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

Form 944-X, Adjusted Employer's Annual Federal Tax Return or Claim for Refund, is used by taxpayers to correct errors on a previously filed Form 944. If taxpayers made an error on Form 944, they will need to amend their tax return by filing Form 944-X. Until the IRS releases Form 944-X with the COVID-19 revisions, taxpayers will not have the ability to correct Form 944 and claim the correct tax relief that they are entitled to. The IRS requests a waiver from the requirement to publish notice in the Federal Register seeking public comment during the period of Office of Management and Budget review.

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 "Electronic Filing of 94x XML, 94X XML" and "Business Master File (BMF)". Privacy Act System of Records notice (SORN) has been issued for these systems under: Treas/IRS 24.046 BMF Treas/IRS, 34.037 Audit Trail and security records system, IRS 24.046-Customer Account Data Engine Business Master File and Treas/IRS 34.047 audit trail and security records system. The Internal Revenue Service PIA's 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 |
|---------------|----------------|------------------|----------------------------|------------------|--------------------|--------------|
| 31.6011(a)-4T | Form 944       | 133,000          | 1                          | 133,000          | 19.57              | 2,602,810    |
| 31.6011(a)-4T | Form 944-SP    | 2000             | 1                          | 2000             | 19.57              | 39,140       |
| 31.6011(a)-4T | Form 944-X     | 784              | 1                          | 784              | 31.20              | 24,460       |
| 31.6011(a)-4T | Form 944-X(SP) | 100              | 1                          | 100              | 31.20              | 3,120        |
| Totals        |                | 135,884          |                            | 135,884          |                    | 2,669,530    |

The following regulations impose no additional burden. Please continue to assign OMB number 1545-2007 to these regulations.

|              |              |
|--------------|--------------|
| 31.6011(a)-1 | 31.6011(a)-4 |
|--------------|--------------|

## 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.

| Product   | Aggregate Cost per Product (factor applied) |   | Printing and Distribution |   | Government Cost Estimate per Product |
|---|---|---|---------------------------|---|--------------------------------------|
| Form 944  | 53,311                                      | + | 3,006                     | = | 56,317                               |
| Form 944 Instructions   | 14,216                                      | + | 1,027                     | = | 15,243                               |
| Form 944 (SP)   | 41,008                                      | + | 0                         | = | 41,008                               |
| Form 944 SP Instructions  | 13,670                                      | + | 0                         | = | 13,670                               |
| Form 944-X  | 19,137                                      | + | 0                         | = | 19,137                               |
| Form 944-X Instructions   | 2,734                                       | + | 0                         | = | 2,734                                |
| Form 944-X(SP)  | 12,758                                      | + | 0                         | = | 12,758                               |
| Form 944-X(SP) Instructions   | 5,012                                       |   |                           |   | 5,012                                |
| <b>Grand Total</b>  | <b>161,846</b>                              |   | <b>4,033</b>              |   | <b>165,879</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

Form 944-X and 944-X (SP) are being revised consistent with the changes to Form 944. The Instructions for Form 944-X are being revised for 2020 to allow for the reporting of the new credit for qualified sick and family leave wages, the employee retention credit, and the deferral of the employer and employee share of social security taxes. Additional lines are added to report changes to the qualified sick and family leave credit, the employee retention credit, the employee share of deferred social security tax, and the employer share of deferred social security tax. Editorial changes and lines to report the totals, and request additional information related to the new credits were also added.

The above changes will result in an overall burden program change increase of 15,660 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 | 135,884   | 0                                 | 0                                       | 0   | 0  | 135,884             |
| Annual Time Burden (Hr)    | 2,669,530 | 0                                 | 500,849                                 | 0   | 0  | 2,168,681           |

#### 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 and / 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 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.