SUPPORTING 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 Control Number 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) ofthe 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.

1. 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.

1. 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.

1. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available for use or adaptation from another source.

1. 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.

1. 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.

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).

1. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

Form 943-X, Employer’s Annual Tax Return for Agricultural Employees Series, is used by

taxpayers to correct errors on a previously filed Form 943. If taxpayers made an error on Form 943, they will need to amend their tax return by filing Form 943-X. Until the IRS releases Form 943-X with the COVID-19 revisions, taxpayers will not have the ability to correct Form 943 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.

1. 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** | **834,925** |  | **10,386,191** |
|  |  |  |  |  |
|  | Form 943-PR | 5,305 | **16.17** | 85,782 |
|  | 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** | **10,610** |  | **87,695** |
|  |  |  |  |  |
| **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 | **27.03** | **2,703,000** |
|  |  |  |  |  |
| **IRC § 6205** | **Total of Form 943X-PR** | 10,000 | **27.03** |  **270,300** |
|  |  |  |  |  |
| **IRC § 3511** | **Total of Form 943 Sch R**  | 25 | **21.31** | **533** |
|  |  |  |  |  |
| **Grand Total** |  | **965,698** |  | **13,533,994** |

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.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Product** | **Aggregate Cost per Product (factor applied)** |  | **Printing and Distribution** |  | **Government Cost Estimate per Product** |
|  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

Form 943-PR, Form 943-X and 943-X (PR) are being revised consistent with the changes to Form 943. 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. 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.

The above changes will result in an overall burden program change increase of 1,093,709 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) |   13,533,994 |   0 |   1,093,709 |   0 |   0 |   12,440,285 |

 16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

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

1. 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.

1. 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.