

**Supporting Statement
Internal Revenue Service
Form 3921 (Exercise of an Incentive Stock Option Under Section 422(b);
Form 3922 (Transfer of Stock Acquired Through an Employee Stock Purchase Plan Under
Section 423(c);
TD 9470 (Information Reporting Requirements Under Code Sec. 6039)
OMB # 1545-2129**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC), Section 6039 explain how corporations that issue statutory stock options and provide guidance to assist corporations in complying with the return and information statement requirements are impacted. IRC, Section 7805

PL 109-432, Section 403 of the Tax Relief and Health Care Act of 2006 address the returns required in connection with certain options, and the type of statements that have to be furnished and to whom.

Form 3921, is filed to report a corporation's transfer of stock pursuant to an employee's exercise of an incentive stock option.

Form 3922, is filed to report a transfer of stock by an employee where the stock was acquired pursuant to the exercise of an option.

TD 9470, relates to the return and information statement requirements under section 6039 of the Internal Revenue Code (Code). These regulations reflect changes to section 6039 made by section 403 of the Tax Relief and Health Care Act of 2006.

2. USE OF DATA

The Internal Revenue Service will review the information collected from these forms to ensure accurate reporting has occurred under section 6039 of the Code. It is also used for general statistical use.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS offers electronic filing for both forms.

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

Small businesses should not be disadvantaged as the form has been structured to request the least amount of information and still satisfy the requirements of the statute and the needs of the Service.

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

A less frequent collection of this information would not allow the IRS to review the information collected from these forms to ensure accurate reporting has occurred under section 6039 of the Code and hinder the IRS from meeting its mission. It is also used for general statistical use.

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 dated February 19, 2021 (86 FR 10434), IRS received no comments during the comment period regarding Forms 3921 and 3922.

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 “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

| Authority | Description | # of Respondents | #Responses per Respondent | Annual Responses | Hours per Response | Total Burden |
|------------|-------------|------------------|---------------------------|------------------|--------------------|--------------|
| IRC § 6039 | Form 3921 | 500 | 1 | 500 | 0.19 | 95 |
| | 3922 | 500 | 1 | 500 | 0.22 | 110 |
| | TD 9470 | 50,000 | 1 | 50,000 | 0.50 | 25,000 |
| Totals | | 51,000 | | 51,000 | | 25,205 |

The following regulations impose no additional burden. Please continue to assign OMB number 1545-2129 to these regulations:

| |
|----------|
| 1.6039-1 |
| 1.6039-2 |

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 3921 | 12,753 | + | | = | 12,753 |
| Instr. 3921&3922 | 6,516 | | | | 6,516 |
| Form 3922 | 12,758 | | 847 | | 13,605 |
| Grand Total | 32,027 | | | | 32,874 |
| 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. IRS is 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

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.

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.