

**SUPPORTING STATEMENT
Internal Revenue Service (IRS)**

Employer's Annual Information Return of Tip Income and Allocated Tips
(Form 8027 and 8027-T)
OMB # 1545-0714

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Chapter 61, Information and Returns, of Subtitle F, Procedure and Administration, requires certain employers to report gross receipts, tips reported to them, and any allocated tips; and to furnish the amount of any allocated tips to affected employees. Section 6053 and its related regulations provide the definitions and methodology to be used in completing these forms.

Employers must annually report to the IRS receipts and tips from their large food or beverage establishments. Employers use Form 8027 to report that information. In addition, employers use Form 8027 to determine if the employer must allocate tips for tipped employees. Filers of Form 8027 may be required to file electronically.

Publication 1239 outlines the communication procedures, record format, validation criteria, and errors associated with the electronic filing of Form 8027, *Employer's Annual Information Return of Tip Income and Allocated Tips*.

Employers operating more than one food or beverage establishment use Form 8027-T to send Forms 8027 to the IRS.

2. USE OF DATA

The information is used by the Service in selecting individual tax returns of employees who receive tips. These returns are examined to determine if the employee has any unreported tip income. The data will be used by the Internal Revenue Service and taxpayers to verify that the proper amount of tax is reported and excluded.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS publication, regulations, notices and letters are to be electronically enabled on an as practicable basis in accordance with the IRS Reform and Restructuring Act of 1998. Electronic filing of Form 8027 is currently available.

4. EFFORTS TO IDENTIFY DUPLICATION

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

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

The collections of information in these regulations will not have a significant economic impact on a substantial number of small entities.

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

Consequences of less frequent collection on federal programs or policy activities would consist of decreased amount of taxes collected by the Service, inaccurate and untimely filing of tax returns, and an increase in tax violations. The information is used by the Service in selecting individual tax returns of employees who receive tips. These returns are examined to determine if the employee has any unreported tip income. Failure of the IRS to obtain this information will 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

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding Form 8027 and 8027-T.

In response to the Federal Register notice dated May 4, 2021 (86 FR 23789), we received no comments during the comment period regarding these regulations.

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 “Individual Master File (IMF)” system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.030 CADE Individual Master File; 34.037 IRS 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**

Form 8027, *Employer’s Annual Information Return of Tip Income and Allocated Tips*, which is used by large food or beverage establishments when the employer is required to make annual reports to the IRS on receipts from food or beverage operations and tips reported by employees. Employers operating more than one food or beverage establishment use Form 8027-T, *Transmittal of Employer’s Annual Information Return of Tip Income and Allocated Tips*, to send multiple or corrected Forms 8027 to the IRS.

Authority	Form	# Respondents	# Responses Per Respondent	Total Annual Responses	Hours Per Response	Total Burden
	8027	48,807	1	48,807	9.65	470,987
	8027 Worksheets	2,600*	1	2,600*	5.71	14,839
	8027-T	3,243	1	3,243	.72	2,335
				52,050		488,161

***This estimate is included in the Form 8027 responses but are broken down separately here for burden calculation purposes.**

Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time.

The following are related regulations which impose no additional burden. Please continue to assign OMB number 1545-0714 to these regulations.

31.6053-3

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**

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. At the present time, the IRS estimates an annual cost of printing to be \$68,348.

Product	Labor & Downstream Impact Costs	Print & Shipping Costs	Government Cost Estimate per Product
8027	\$ 30,073	\$ 0	\$ 30,073
8027 Instr.	\$ 8,202	\$ 0	\$ 8,202
8027-T	\$ 30,073	\$ 0	\$ 30,073
Grand Total	\$ 68,348	\$ 0	\$68,348

1. **REASONS FOR CHANGE IN BURDEN**

There is a no change in the paperwork burden previously approved by OMB. We are making this submission to renew the OMB approval.

	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	52,050	0	0	0	52,050	0
Annual Time Burden (Hr)	488,161	0	0	0	488,161	0

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 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.

4. 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 if 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.