

SUPPORTING STATEMENT
Internal Revenue Service
Rev Proc 2017-15, Qualified Intermediary Agreement
Form 14345, Application for Qualified Intermediary, Withholding Foreign
Partnership, or Withholding Foreign Trust Status
OMB Control Number 1545-1597

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC) Section 1441 (Withholding of tax on nonresident aliens), states any nonresident alien individual or of any foreign partnership shall deduct and withhold from such items a tax equal to 30 percent or 14 percent depending on circumstances. Revenue Procedure 2017-15 sets forth the final qualified intermediary (QI) withholding agreement (QI agreement) entered into under Treasury Regulation 1.1441-1(e)(5). The QI agreement allows foreign persons to enter into an agreement with the IRS to simplify their obligations as withholding agents and as payors for amounts paid to their account holders.

The reporting requirements (information collection) are set out in Section 5.01 of this Revenue Procedure: A prospective QI must submit an application (Form 14345) to become a QI. A prospective QI must submit the information specified in Form 14345 through the QI/WP/WT Application and Accounts Management System accessible through the QI landing page available at: <https://www.irs.gov/businesses/corporations/qualified-intermediary-system>. An application must also include any additional information and documentation requested by the IRS.

Form 14345 is an application form for foreign financial institutions requesting Qualified Intermediary Agreement with the IRS.

2. USE OF DATA

The information will be used by the IRS to ensure compliance with the U.S. withholding system under the section 1441 regulations (especially proper entitlement to treaty benefits).

The information in the form will be used to determine whether or not to approve the entity for status as a QI, WP, or WT.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The IRS has no plans to offer electronic enabling for Form 14345 because this collection specifies the information required for the Application for QI status.

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 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. The Agency will continue to as applicable find ways to reduce the burden on small businesses or other small entities.

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

The information required is needed to verify compliance with 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.

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 June 2, 2021 (86 FR 29626), IRS 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 "Business Master File, BMF" system and a Privacy Act System of Records notice (SORN) has been issued for this system under: Treas/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

We estimate that approximately 3,000 persons will submit written applications via Form 14345, and that it will take approximately 1 hour, 20 minutes to complete each application on the average. **The total time estimate is 4,000 hours.**

A withholding agreement includes the QI's, WP's, or WT's obligations to obtain beneficial owner statements or documentation and report (or otherwise make available) beneficial owner information to the IRS under the agreement. Most of the collections of information contained in the revenue procedure will be reflected on the QI's Form W-8, Form 1042 and Form 1042S (where necessary to be filed), and the accompanying statements to these forms. However, there are some instances where the collections of information are not included, or provided for, in one of the previously-mentioned forms. These collections of information are as follows:

The agreement requires a QI, WP, or WT to provide any identifying information (e.g., name, address, or TIN) it may have regarding a U.S. payee that is required to, but does not, provide a Form 1099. We estimate that the QIs will have to provide this information for approximately 6,500 payees and that it will take approximately .25 hours to complete each submission of information. **The total time estimate is 1,625 hours.**

The agreement requires a QI, WP, or WT to obtain certain certifications and/or representations from non-individual payees claiming treaty benefits. We estimate that 88,379 non-individual payees will have to provide this information to the QIs, WPs, and WTs, and that each occurrence would take approximately an average of .50 hours. **The total time estimate is 44,190 hours.**

The agreement requires a QI, WP, or WT to maintain a record of the documentation received and reviewed for purposes of satisfying the terms of its withholding agreement. We estimate that the QIs, WPs, and WTs will have approximately 1,000,000 occurrences for record retention and that it will take approximately .25 hours per occurrence. **The total time estimate is 250,000 hours.**

The agreement requires a QI, WP, or WT (who does not assume primary withholding responsibility) to provide sufficient information to a withholding agent so that the withholding agent can make adjustments for any over-and-under withholding. We estimate that there will be approximately 100 QIs in this situation and that it will take approximately 12 hours per QI, WP, or WT to provide this information. **The total time estimate is 1,200 hours.**

The agreement requires a QI to give notice of termination to the IRS if it wishes to terminate the agreement. We estimate that approximately 12 QIs will submit this notification, and that it will take approximately .25 hours. **The total time estimate is 3 hours.**

Form	Description	Total Annual Responses	Hours Per Response	Total Burden
14345	Application for Qualified Intermediary, Withholding Foreign Partnership, or Withholding Foreign Trust Status	3,000	1 hr. 20 min.	4,000
	identifying information (e.g., name, address, or TIN) regarding a U.S. payee	6,500	.25	1,625
	certifications and/or representations from non-individual payees claiming treaty benefits	88,379	.50	44,190
	maintain a record of the documentation received and reviewed for purposes of satisfying the terms of its withholding agreement	1,000,000	.25	250,000
	sufficient information to a withholding agent so that the withholding agent can make adjustments for any over-and-under withholding	100	12	1,200
	notice of termination	12	.25	3
		1,097,991		301,018

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.

15. REASONS FOR CHANGE IN BURDEN

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