

SUPPORTING STATEMENT
Internal Revenue Service
Voluntary Disclosure Practice and Streamlined Filing Compliance Procedures
Form(s) 14457, 14653, 14654, and 15023
OMB Control No. 1545-2241

1. CIRCUMSTANCES NECESSITATING THE COLLECTION OF INFORMATION

The IRS has two very different compliance paths for two very different populations of taxpayers (taxpayers who have exposure to criminal liability for tax and tax-related crimes and taxpayers who have non-willful international compliance issues). First, the Voluntary Disclosure Practice is a longstanding practice of IRS Criminal Investigation (CI). CI takes timely, accurate, and complete voluntary disclosures under consideration when determining whether to recommend criminal prosecution. A voluntary disclosure will not automatically guarantee immunity from prosecution; however, a voluntary disclosure may result in prosecution not being recommended. Form 14457 is used for all voluntary disclosures. This redesigned form is to be used by taxpayers to apply for the IRS-CI Voluntary Disclosure Practice (VDP). The form is submitted by the taxpayer in two parts. Part I is a preclearance request. Once a taxpayer receives preclearance from IRS-CI, they will submit Part II, the voluntary disclosure application. Versions prior to March 2019 were used by taxpayers to apply for the IRS Offshore Voluntary Disclosure Program (OVDP) that closed on September 28, 2018.

Second, the Streamlined Filing Compliance Procedures are available to eligible taxpayers who can truthfully certify that their failure to report foreign financial assets and pay all tax due in respect of those assets resulted from non-willful conduct. Forms 14653, 15023, and 14654 relate to the Streamlined Filing Compliance Procedures.

The IRS uses the data on Form 14457 in administering Criminal Investigation's Voluntary Disclosure Practice.

The use of information collected with respect to the Voluntary Disclosure Practice and the Streamlined Filing Compliance Procedures is a necessary for the Commissioner to use his enforcement discretion and authority to offer specific compliance paths with favorable penalty provisions under IRC § 7803(a)(2)(A) granting him the authority to "administer, manage, conduct, direct, and supervise the execution and application of the internal revenue laws or related statutes and tax conventions to which the United States is a party." Additionally, IRC § 6001 requires taxpayers to retain records relating to tax liabilities and tax returns and is thereby related to the information collected by the forms used in the Voluntary Disclosure Practice and the Streamlined Filing Compliance Procedures.

2. USE OF DATA

The IRS uses the data compiled on Forms 14653, 14654, and 15023 and associated records for administering the Streamlined Filing Compliance Procedures, and uses the

data and associated records on Form 14457 in administering Criminal Investigation's Voluntary Disclosure Practice.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The IRS is beginning to explore improved information technology to reduce the burden relating to Form 14457 and will continue to explore options for the remaining forms as well.

4. EFFORTS TO IDENTIFY DUPLICATION

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

6.

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

It is certified that the collection of information in these forms will not have a significant economic impact on a substantial number of small entities. This certification is based upon the fact that small employers that take advantage of the provisions of the Voluntary Disclosure Practice will likely see a modest reduction in the cost of complying with Title 26 and Title 31 reporting obligations compared to not using these compliance avenues. . Additionally, the Streamlined Filing Compliance Procedures is only available to individuals. Hence, forms relating to the Streamlined Filing Compliance Procedures will have no foreseeable economic impact on small businesses or other small entities.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS

If the IRS did not collect the information sought on these forms, taxpayers would not have the means to easily come into compliance with their tax and/or Title 31 obligations. Additionally, these forms support compliance avenues that raise revenue needed to fund the Federal government.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA 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 July 26, 2021 (86 FR 40138), public comments were received from the American Bar Association (ABA). The IRS appreciates the thoughtful comments from the ABA. The comments were received at the end of the 60-day period; therefore, IRS is still reviewing and carefully considering the implementation of certain recommendations. Some of the public comments went

beyond the scope of the request for comments, but the IRS will nonetheless give all input received thorough consideration.

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 IRC § 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 PIA's can be found at <http://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

The burden estimate for the reporting and recordkeeping are is as follows:

Form	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
14457	Voluntary Disclosure Practice	1,000	1	1,000	80	80,000
14653	Streamlined Foreign	12,000	1	12,000	20	240,000
14654	Streamlined Domestic	3,000	1	3,000	30	90,000
15023	Offshore Compliance Status Response	569	1	569	2	1,138
Totals				16,569	132	411,138

13. ESTIMATED ANNUAL COST 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 FEDERAL COST TO 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

The IRS made changes to the forms in the collection, and certain forms are now obsolete due to the Offshore Voluntary Disclosure Program (OVDP) closing in September 2018. The OVDP was a subset of the larger voluntary disclosure practice (VDP). The subset program was closed, however there are forms being used in the macro level VDP.

Form 14467 is now obsolete resulting in a reduction of burden of 500 responses and 500 hours. OVDP Submission Requirements, OVDP Penalty Computation Worksheet, and OVDP Foreign Account or Asset Statement have been removed, as these are also obsolete, further reducing burden by 456,000 responses and 642,500 burden hours. In addition, Form 14457 was significantly revised in order to accomplish the IRS' goals relating to thorough preclearance and preliminary acceptance procedures for the voluntary disclosure practice. There is an increase of burden with the addition of 1,000 responses and 80,000 burden hours. For a decrease in burden under agency discretion of 455,500 responses and decrease of 722,500 burden hours.

Form 14653 and Form 14654 responses and hours were updated to reflect the agencies most recent data. These changes resulted in a 2,500 response decrease and an 190,000 hour increase (update in agency estimates).

	Total Approved	Previously Approved	Change Due to New Statute	Change Due to Agency Discretion	Change Due to Adjustment in Estimate	Change Due to Potential Violation of the PRA
Annual Number of Responses	16,569	474,569	0	-455,500	--2,500	0
Annual Time Burden (Hr)	411,138	863,638	0	-642,500	190,000	0

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 compliance path 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. EXCEPTION TO THE CERTIFICATION STATEMENT

There are no exceptions to the certification statement.

Note: The following paragraph applies to all of the collection 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 it 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 return and tax return information are confidential, as required by 26 IRC § 6103.