

SUPPORTING STATEMENT
Internal Revenue Service
Form 1127, Application for Extension of Time for Payment of Tax Due to Undue Hardship

OMB Control Number 1545-2131

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC) section 6161 provides taxpayers a reasonable extension of time of up to 6 months to pay taxes shown, or required to be shown, on a return. This extension may exceed 6 months in the case of a taxpayer who is abroad. The section also provides taxpayers an extension of time not to exceed 18 months to pay an amount determined as a deficiency of tax, with an additional time of up to 12 months granted in exceptional cases. To qualify for this extension, the taxpayer must show that paying the tax on the date due will cause an undue hardship.

Treasury Regulations section 1.6161-1 provides additional details on the provisions of IRC section 6161 and requires the taxpayer to file Form 1127 to apply for an extension of time to pay certain taxes.

Form 1127 is used to request an extension of time under IRC section 6161 for payment of the following amounts:

- The tax shown or required to be shown on a return.
- An amount determined as a deficiency (an amount owed after an examination of a return).

2. USE OF DATA

A revenue officer will review the information collected in the application to determine if an extension is warranted based on the requirements of IRC section 6161, recommend approval or disapproval, and forward the application to management for concurrence.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There is no plan to offer electronic filing for this collection due to the low volume of filers.

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

The collection of information requirement 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

If the Internal Revenue Service (IRS) did not collect this information, the taxpayer and the IRS would not have the information to determine whether an extension of time to pay is appropriate in accordance with IRC section 6161.

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

We received no comments during the public comment period in response to the Federal Register notice (86 FR 57267), dated October 14, 2021.

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 U.S.C. 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)" and "Individual Master File (IMF)" systems, and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.030 - CADE Individual Master File, IRS 24.046 - CADE Business Master File (BMF), and IRS 34.037 - IRS Audit Trail and Security Records System. The Internal Revenue Service PIAs can be found at <https://www.irs.gov/privacy-disclosure/privacy-impact-assessments-pia>.

Title 26 U.S.C. 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 estimated taxpayer burden for individuals and businesses are included in the estimates for OMB control numbers 1545-0074 and 1545-0123.

This collection includes the estimated burden for Form 1127 filers with amounts due for tax-exempt organizations, certain gift taxes, and certain excise taxes. The IRS anticipates that there will be approximately 20 respondents annually, with a total estimated burden of 149 hours annually. The estimated burden is shown below.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden Hours
IRC 6161	Form 1127	20	1	20	7.47	149
Totals		20		20		149

The following regulations impose no additional burden. Please continue to assign OMB number 1545-2131 to these regulations.

1.6161-1

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

To ensure more accuracy and consistency across its information collections, the IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, the 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 startup expenses, operating and maintenance expenses, and distribution of the product that collects the information. These costs do not include any activities such as taxpayer assistance and enforcement.

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 1127	\$17,560	\$0	\$17,560
Grand Total	\$17,560	\$0	\$17,560

Table costs are based on 2021 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; however, the estimated number of responses was updated to eliminate duplication of the burden associated with individual and business respondents captured under OMB control numbers 1545-0074 and 1545-0123. We are making this submission to renew the OMB approval.

	Total 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	Previously Approved
Annual Number of Responses	20	0	-980	0	0	1,000
Annual Time Burden (Hr.)	149	0	-7,321	0	0	7,470

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

The 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 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.