Supporting Statement

Internal Revenue Service

Form 8952, Application for Voluntary Classification Settlement Program

OMB Control Number 1545-2215

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Form 8952 has been developed in conjunction with the development of the Voluntary Classification Settlement Program (VCSP), which permits taxpayers to voluntarily reclassify workers as employees for federal employment tax purposes pursuant to Title 26 of the United States Code (USC) 7121. This form will be time sensitive to potential employers that may want to be included in the program. The instructions in this form allows the IRS 60 days to process from the time of submission.

1. USE OF DATA

The Voluntary Classification Settlement Program (VCSP) allows eligible taxpayers to voluntarily reclassify their workers for federal employment tax purposes and obtain similar relief to that obtained in the current Classification Settlement Program (CSP) available in examinations. The VCSP is optional and provides taxpayers with an opportunity to voluntarily reclassify their workers as employees for future tax periods with limited federal employment tax liability for the past nonemployee treatment. To participate in the program, the taxpayer must meet certain eligibility requirements, apply to participate in VCSP, and enter into a closing agreement with the IRS.

1. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We have no plans at this time to offer electronic filing because of the low volume compared to the cost of electronic enabling.

1. EFFORTS TO IDENTIFY DUPLICATION

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

1. 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.

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

The VSCP is optional and provides taxpayers with an opportunity to voluntarily reclassify their workers as employees for future tax periods with limited federal employment tax liability for the past nonemployee treatment.

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).

1. 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 November 8, 2021

(86 FR 61850), IRS received no comments during the comment period regarding Form 8952.

1. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

No payment or gift has been provided to any respondents.

1. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 USC 6103.

1. 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 Statement 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 or persons required to make suck returns, statements, or documents and is the authority for social security numbers (SSNs) in IRS systems

1. ESTIMATED BURDEN OF INFORMATION COLLECTION

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Authority** | **Description** | **# of Respondents** | **# Responses per Respondent** | **Annual Responses** | **Hours per Response** | **Total Burden** |
| IRC 7121 | Form 8952 | 1,700 | 1 | 1,700 | 9.85 | 16,745 |
| **Totals** |  | **1,700** |  |  |  | **16,745** |

1. 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 the methodology is complete, IRS will update this information collection to reflect a more precise estimate of burden and costs.

1. 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.

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 8952 | $17,560 | + | 0 | = | $17,560 |
| Instructions 8952 | $ 4,390 | + | 0 | = | $ 4,390 |
| **Grand Total** | **$21,950** | **+** | **0** | **=** | **$21,950** |
| Table costs are based on 2021 actuals obtained from IRS Chief Financial Office and Media and Publications | | | | | |
| \* New product costs will be included in the next collection update. | | | | | |

1. REASONS FOR CHANGE IN BURDEN

There is no change to the paperwork burden previously approved by OMB. IRS is making this submission to renew the OMB approval.

1. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis and publication.

1. 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 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.

1. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions to the certification statement for this collection.

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.