

SUPPORTING STATEMENT
Internal Revenue Service
Form 944 and 944 (SP), Employer's Annual Employment Tax Return
Form 944-X and 944-X (SP) Adjusted Employer's Annual Employment Tax Return or Claim for Refund

OMB Control Number 1545-2007

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC) section 3102 requires employers to deduct social security and Medicare taxes imposed by IRC section 3101(a) and (b) from the wages of employees. IRC section 3111(a) and (b) requires employers to pay social security and Medicare taxes on wages paid to employees. IRC section 3402(a) requires employers to deduct the income tax imposed by the section from employees' wages.

Treasury Regulations sections 31.6302(c)-1, 2, & 3 require employers to deposit the withheld income tax with an authorized depository within specified time limits.

IRC section 6011 and Treasury Regulations sections 31.6011(a)-1 and 31.6011(a)-4 require employers to report (1) wages subject to income tax withholding and social security and Medicare taxes; (2) amounts withheld for income tax; and (3) the employee and employer share of social security and Medicare taxes.

Form 944 and Form 944 (SP) are used by small employers to report employment taxes and withholding. These small employers have an estimated annual employment tax liability (social security, Medicare, and withheld federal income taxes) of \$1,000 or less for the entire calendar year.

Form 944-X and Form 944-X (SP) are used by employers to correct errors on a previously filed Form 944 or Form 944 (SP).

2. USE OF DATA

The information collected will be used by the Internal Revenue Service to ensure employers collect and pay the correct amount of social security tax, Medicare tax, and withheld income tax.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Electronic filing of Forms 944 and 944 (SP) are currently available. The Agency doesn't plan to offer electronic filing for Forms 944-X and 944-X (SP) at this time, due to the low number 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 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. This information collection allows qualified employers to file one employment tax return for an entire taxable year instead of four quarterly employment tax returns. The forms can be filed electronically, which further reduces any burden to small businesses.

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

The information will be used by the IRS to determine if the employer collected and paid the correct amount of social security tax, Medicare tax, and withheld income tax. If this information is collected less frequently, it would compromise the agency's ability to enforce tax compliance. Tax compliance is a vital part of the government's ability to meet its mission and serve the public.

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 comment period in response to the Federal Register notice (86 FR 67583), dated November 26, 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 "Electronic Filing of 94x XML, 94X XML" and "Business Master File (BMF)". Privacy Act System of Records notice (SORN) has been issued for these systems under: Treasury/IRS 22.062 Electronic Filing Records, Treasury/IRS 24.046 CADE Business Master File (BMF), Treasury/IRS, and 34.037 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

IRC section 6011 and its regulations require employers to disclose information regarding (1) wages subject to income tax withholding and social security and Medicare taxes; (2) amounts withheld for income tax; and (3) the employee and employer share of social security and Medicare taxes. Small employers use the Form 944 series to report and pay these taxes annually. The IRS anticipates that there will be 135,844 respondents annually, for a total estimated burden of 3,207,532 hours annually. The estimated burden for employers who file these forms is shown below.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC 6011	Form 944	133,000	1	133,000	23.47	3,121,510
IRC 6011	Form 944-SP	2000	1	2000	23.47	46,940
IRC 6011	Form 944-X	784	1	784	44.21	34,661
IRC 6011	Form 944-X(SP)	100	1	100	44.21	4,421
Totals		135,884		135,884		3,207,532

The following regulations impose no additional burden. Please continue to assign OMB number 1545-2007 to these regulations.

31.6011(a)-1	31.6011(a)-4
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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 start-up 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 944	\$85,607	+	\$3,006	=	\$88,613
Form 944 Instructions	\$22,829	+	\$1,027	=	\$23,855
Form 944 (SP)	\$62,852	+	0	=	\$62,852
Form 944 SP Instructions	\$21,951	+	0	=	\$21,951
Form 944-X	\$30,731	+	0	=	\$30,731
Form 944-X Instructions	\$4,390	+	0	=	\$4,390
Form 944-X(SP)	\$20,487	+	0	=	\$20,487
Form 944-X(SP) Instructions	\$8,049	+	0		\$8,049
Grand Total	\$259,894		\$4,033		\$263,927

Table costs are based on 2021 actuals obtained from IRS Chief Financial Office and Media and Publications

15. REASONS FOR CHANGE IN BURDEN

Forms 944-X and 944-X (SP) add additional lines to allow reporting corrections of the credit for qualified sick and family leave wages, the employee retention credit, the deferral of the employer and employee share of social security taxes, and the COBRA premium assistance credit, allowed by provisions of the American Rescue Plan Act of 2021, P.L. 117-2.

The above changes increase the burden by 11,501 hours due to New Statute.

	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	135,884	0	0	0	0	135,884
Annual Time Burden (Hr)	3,207,532	11,501	0	0	0	3,196,031

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 form and/or 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.