

## **SUPPORTING STATEMENT**

Request for Transcript of Tax Return  
Form 4506-C IVES Request for Transcript of Tax Return  
OMB Control Number 1545-1872

### **1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Form 4506-C was created to be utilized by authorized Income Verification Express Service (IVES) Participants to order Tax Transcript records electronically for a third party. In effort to protect taxpayer information, a policy change was implemented for the Form 4506 series which no longer permits the mailing of tax returns to third parties that have not been vetted through the agency. The IVES program is a fee for service program with external customers guaranteed a 72-hour response. This collection impacts taxpayers by allowing the third parties to request a transcript of a return that will assist with securement of mortgages, loans, student aid, and other benefits. The collection of this information is authorized by 26 USC 7513 and 26 USC 6103.

### **2. USE OF DATA**

Form 4506-C is used by the Internal Revenue Service (IRS) to receive authorization of Income Verification Express Service (IVES) Participants to order Tax Transcript records electronically for a third party.

### **3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

Transcripts can be requested by using the automated self-help service tools at IRS.gov. The agency also accepts the form by fax. Participants can order Tax Transcript records electronically for a third party.

### **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**

There are no small entities affected by this collection because it is mainly used for individuals per Internal Revenue Code (IRC) Section 7513.

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

Consequences of less frequent collection on federal programs or policy activities would consist of: decreased amount of taxes collected by the IRS, inaccurate and untimely filing of tax returns, and an increase in tax violations. The impact of not collecting the information on the Form 4506-C would not allow authorization of Income Verification Express Service (IVES) Participants to order Tax Transcript records electronically for a third-party requests. It would thereby increase the

burden on taxpayers and subject them to further harm by reducing their ability to secure Federal and private industry benefits in a safe method.

#### **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 1 comment during the comment period in response to the **Federal Register** notice (87 FR 36378), dated July 16, 2022. The commenter was Mr. Igor Roitburg, Managing Director, Stretto.

Mr. Roitburgs question was: when a servicer is reviewing a mortgage modification application which includes a 4506-C must they also collect a Taxpayer Consent form in order to be able to share the transcript with the investors and/or other professionals whose sole purpose is to review the loan modification request...?

IRS thanks the commentor for their question about the updated, draft Form 4506-C, IVES Request for Transcript of Tax Return. The IRS does not require a separate consent form in order to provide an authorized transcript to the IVES participant listed on the Form 4506-C or to a Client company listed on Form 4506-C. As to an IVES participant's uses of transcripts or the tax information contained in the transcripts, as well as any redisclosure of a transcript or its tax information to another person, please review the form's instruction sections covering Section 6103(c) limitations. See the same instruction sections covering Section 6103(c) limitations for use and redisclosure of a transcript by a Client company designated on the draft Form 4506-C to receive the transcript. The sections are copied below for your convenience.

Designated Recipient Notification. Section 6103(c) limits disclosure and use of return information received pursuant to the taxpayer's consent and holds the recipient subject to penalties for any unauthorized access, other use, or redisclosure without the taxpayer's express permission or request.

Taxpayer Notification. Section 6103(c) limits disclosure and use of return information provided pursuant to your consent and holds the recipient subject to penalties, brought by private right of action, for any unauthorized access, other use, or redisclosure without your express permission or request.

#### **9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS**

No payment of gift has been provided to 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 "Individual Master File (IMF)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.030--Customer Account Data Engine Individual Master File, formerly Individual Master File, and IRS 34.037--IRS Audit Trail and Security Records System. The Department of Treasury PIAs 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**

Respondents use Form 4506-C to request tax return information through an authorized Income Verification Express Service (IVES). IRS anticipates 15,370,941 respondents will take .92 hours to complete Form 4506-C for a total of 14,141,266 annual hours.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC 6103(c)	4605-C	15,370,941	1	15,370,941	.92	14,141,266
Total				15,370,941		14,141,266

The following regulations impose no additional burden. Please continue to assign OMB number 1545-1872 to these regulations:

601.702(c)(4)  
601.702(c)(10)  
301.7513-1

#### **13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

During the public commenting period, IRS did not receive any responses from taxpayers on this subject. As a result, IRS estimates the cost burdens to the public are minimal.

#### **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.

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.

<b>Product</b>	<b>Aggregate Cost per Product (factor applied)</b>	<b>Printing and Distribution</b>	<b>Government Cost Estimate per Product</b>
Form 4506-C	10,024		10,024
<b>Grand Total</b>	10,024		10,024
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.			

## 15. REASONS FOR CHANGE IN BURDEN

The Form 4506-C is being submitted for the following revisions based on Taxpayer First Act (TFA) for 2023 implementation:

- Add IVES participant number;
- Add IVES client name and contact information;
- Add optional Field Unique Identifier;
- Provide a clearer separation of requesting tax transcripts (line 6) vs informational transcripts (line 7);
- Updated signature requirement for each taxpayer;
- Add checkbox for electronically signed forms;
- Add checkbox for forms authorized by Authorized Representatives

Additionally, IRS is making an administrative change to move the Form 4506-T from being approved under OMB control 1545-1872 to 1545-2154.

The burden estimates are changing as follows:

- Moving the Form 4506-T reduces the burden by 263,857 responses and 203,169 hours
- IRS received 2,629,059 fewer Form 4506-C which reduces the burden by 2,629,059 responses and 1,840,341 hours
- The revision to the Form 4506-C increased the time per response to 0.92, which increases the 3,381,607 hours.

### **Annual Responses and Burden Form 4506-C**

4506-C	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 for this IC	15,370,941	0	-263,857	-2,629,059	0	18,263,857
Annual IC Time Burden (Hours)	14,141,266	0	3,178,438	-1,840,341	0	12,803,169

**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 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.