

SUPPORTING STATEMENT
Internal Revenue Service
Disclosure of returns and return information
OMB# 1545-2154

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Subject to such requirements and conditions as the Secretary may prescribe by regulation, section 6103 (c) of the Internal Revenue Code authorizes the Internal Revenue Service to disclose a taxpayer's return or return information to such person or persons as the taxpayer may designate in a request for or consent to such disclosure, or to any other person at the taxpayer's request to the extent necessary to comply with the taxpayer's request to such other person for information or assistance. This regulation (§301.6103(c)-1), contains the requirements that must be met before, and the conditions under which, the Internal Revenue Service may make such disclosures.

Form 4506-T is used by taxpayers to request copies of their tax return information, such as transcripts or 1099/W-2 information. The information requested (name and address, taxpayer identification number(s), tax period, and the taxpayer's signature) is needed to assure the Service that it is not violating the confidentiality and disclosure requirements under Section 6103 of the Internal Revenue Code.

Individuals can use Form 4506T-EZ to request a tax return transcript that includes most lines of the original tax return. The tax return transcript will not show payments, penalty assessments, or adjustments made to the originally filed return. Form 4506T-EZ (SP) is the Spanish translated version of the Form 4507T-EZ. It is also used to request a tax return transcript that includes most lines of the original tax return.

2. USE OF DATA

Form 4506-T is used by the Service to locate the requested tax information and ensure that the taxpayer has authorized the information.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Electronic filing of Form 4506-T is currently available.

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. IRS has attempted to

eliminate duplication within the agency wherever possible.

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

The collection of information will not have a significant economic impact on a substantial number of small entities. This certification is based upon the fact that any burden on taxpayers is minimal, since the form only applies to taxpayers which request or consent to the disclosure of returns or return information, and since the information collected is only that necessary to carry out the disclosure of returns or return information requested or consented to by the taxpayer (such as the name and taxpayer identification number of the taxpayer, the return or return information to be disclosed, and the identity of the designee).

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

The consequences for not collecting this information are that the IRS will not be able to clearly provide the taxpayer transcript or information needed by the taxpayers. This affects taxpayer confidence and compromises the Agency's ability to enforce tax compliance effort to the public. Tax compliance is a vital part of the government's ability to meet its' mission and serve the public.

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).

2. 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 June 16, 2022, (87 FR 36379) IRS received no comments during the comment period regarding Form 4506-T.

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

No payment or gift has been provided to any respondents.

4. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

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

5. JUSTIFICATION OF SENSITIVE QUESTIONS

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the “Short Term Transcript, ST-TRA” system and a Privacy Act System of Records notice (SORN) has been issued for this system under:

<u>SORN Number</u>	<u>SORN Name</u>
IRS 24.030 IRS 34.027	CADE/Individual Master File IRS Audit Trail and Security Records System
IRS 24.046	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.

6. ESTIMATED BURDEN OF INFORMATION COLLECTION

Individuals can use Form 4506-T, Form 4506T-EZ and Form 4506T-EZ(SP) to request a tax return transcript that includes most lines of the original tax return. The tax return transcript will not show payments, penalty assessments, or adjustments made to the originally filed return.

The burden estimate is as follows:

OMB Collection	Authority	Form	Annual Responses	Hours per Response	Total Burden
1545-2154	6103(c)	4506-T, 4506T-EZ, 4506T-EZ(SP)	2,812,960	.78 hrs	2,203,485
	TOTAL		2,812,960		2,203,485

The following regulations impose no additional burden. Please continue to assign OMB number 1545-2154 to these regulations.

Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time.

7. 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 there are no cost burdens to the public.

8. 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.

<u>Product</u>	<u>Aggregate Cost per Product (factor applied)</u>	<u>Printing and Distribution</u>	<u>Government Cost Estimate per Product</u>
4506-T	\$ 17,560	\$0	\$ 17,560
4506T-EZ	\$ 20,487	\$ 0	\$ 20,487
4506T-EZ (SP)	\$ 17,560	\$ 0	\$ 17,560
Grand Total	\$ 55,607		0 55,607
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.			

9. REASONS FOR CHANGE IN BURDEN

This form is being submitted for the following revisions.

- Form 4506-T: Example for tax year/period updated, and removal of Line 5 (Customer File Number)
- Form 4506T-EZ: Removal of Line 5 - Customer File Number

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 increases the burden by 263,857 responses and 203,169 hours.
- IRS received fewer Form 4506T-EZ, which reduces the burden by 2,549,103 responses and 2,000,316 hours.
- The revisions to the Form 4506-T and 4506T-EZ is not expected to change the time per response.

10. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

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

11. 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 Service intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

12. 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.

OMB EXPIRATION DATE

We believe the public interest will be better served by not printing an expiration date on the form(s) in this package.

Printing the expiration date on the form will result in increased costs because of the need to replace inventories that become obsolete by passage of the expiration date each time OMB approval is renewed. Without printing the expiration date, supplies of the form could continue to be used.

The time period during which the current edition of the form(s) in this package will continue to be usable cannot be predicted. It could easily span several cycles of review and OMB clearance renewal. In addition, usage fluctuates unpredictably. This makes it necessary to maintain a substantial inventory of forms in the supply line at all times. This includes supplies owned by both the Government and the public. Reprinting of the form cannot be reliably scheduled to coincide with an OMB approval expiration date. This form may be privately printed by users at their own expense. Some businesses print complex and expensive marginally punched continuous versions, their expense, for use in their computers. The form may be printed by commercial printers and stocked for sale. In such cases, printing the expiration date on the form could result in extra costs to the users.

Not printing the expiration date on the form(s) will also avoid confusion among taxpayers who may have identical forms with different expiration dates in their possession.

For the above reasons we request authorization to omit printing the expiration date on the form(s) in this package.