

SUPPORTING STATEMENT  
Internal Revenue Service (IRS)  
Form 1098E  
Student Loan Interest Statement

OMB Control Number 1545-1576

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Section 6050S(b)(2) of the Internal Revenue Code (IRC) requires persons (financial institutions, governmental units, and educational institutions) to report payments of \$600 or more of interest on student loans to the IRS and to students. Form 1098-E has been developed to report the interest received during the year.

**2. USE OF DATA**

The data is used by the Internal Revenue Service to ensure that taxpayers are properly claiming the student loan interest deduction under IRC section 221.

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

Approximately 95% of Forms 1098-E are filed electronically.

**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**

A less frequent collection could result in the IRS's inability to verify that the taxpayers are reporting the amount of student loan interest properly in accordance with the Internal Revenue Code section 6050S (b)(2). Tax Compliance is a vital part of the government's ability to meet its mission.

**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**

In response to the Federal Register notice dated May 19, 2023 (88 FR 32285), IRS received no comments during the comment period regarding Form 1098-E.

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

No payment or gift will be 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)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.046-Customer Account Data Engine Business Master File and IRS 22.061-Information Returns Master File. 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**

Section 6050S(b)(2) of the Internal Revenue Code requires persons (financial institutions, governmental units, and educational institutions) to report receipts of \$600 or more of interest on student loans to the IRS and to students. Form 1098-E has been developed to meet this requirement.

Authority	Description	Number of Responses	#Responses per Respondent	Annual Responses	Hours per Response	Total Burden
6050S(b)(2)	Form 1098-E	10,093,249	1	10,093,249	.12	1,211,190
Totals		10,093,249	1	10,093,249		1,211,190

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

From our Federal Register notice, dated May 19, 2023, no public comments on the estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information were received. However, 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.

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 1098-E	\$127,603	+	\$1,537	=	\$129,140
Instructions	\$17,014	+	\$505	=	\$17,519
<b>Grand Total</b>	<b>\$144,617</b>	<b>+</b>	<b>\$2,042</b>	<b>=</b>	<b>\$146,659</b>
Table costs are based on 2022 actuals obtained from IRS Chief Financial Office and Media and Publications					

**15. REASONS FOR CHANGE IN BURDEN**

There are no changes being made to the form at this time. However, the estimated number of filers has been reduced to 10,093,249 from 22,148,234, based on IRS most recent filing data, resulting in a decrease of 1,446,599 burden hours from previously approved estimates.

	<b>Requested</b>	<b>Program Change Due to New Statute</b>	<b>Program Change Due to Agency Discretion</b>	<b>Change Due to Adjustment in Agency Estimate</b>	<b>Change Due to Potential Violation of the PRA</b>	<b>Previously Approved</b>
Annual Number of Responses for this IC	10,093,249	0	0	-12,054,985	0	22,148,234
Annual IC Time Burden (Hours)	1,211,190	0	0	-1,446,599	0	2,657,789

Also, we are making this submission as a renewal of a previously approved collection.

**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 expires 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.