

SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Form 14157 and Form 14157-A,
Tax Return Preparer Complaint Process and Fraud or Misconduct Affidavit
OMB Control Number 1545-2168

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Information is being collected to adhere to Treasury Inspector General for Tax Administration (TIGTA) recommendations found in TIGTA report 2009-40-032, The Process Taxpayers Must Use to Report Complaints Against Tax Return Preparers Is Ineffective and Causes Unnecessary Taxpayer Burden.

In Calendar Year 2007, the IRS processed approximately 83 million individual Federal income tax returns prepared by paid tax return preparers. Under those prior processes, the IRS could not determine how many complaints against tax return preparers it received, how many complaints were worked, or the total number of multiple complaints against a specific firm or preparer. Taxpayer complaints about tax return preparers can provide valuable information about understanding the root causes of taxpayer problems, identify areas of noncompliance, and help the IRS address core processes that need improvement.

The final TIGTA findings recommended that the Deputy Commissioner for Services and Enforcement

- 1) Clarify guidance to taxpayers on the public IRS web site (IRS.gov) regarding the preparer complaint process, and
- 2) Develop a form, both web-based and paper, specifically for tax return preparer complaints that routes to the correct function based on type of tax return preparer and include the items necessary for the IRS to appropriately evaluate the legitimacy of the complaint.

Taxpayers may visit the following website for initial guidance and form links:

<https://www.irs.gov/Tax-Professionals/Make-a-Complaint-About-a-Tax-Return-Preparer> .

Internal Revenue Code (IRC) sections 7801 and 7803 provide the authority and responsibilities of the Department of the Treasury, Commissioner of the IRS, and other agency officials. IRC section 7805 provides the Secretary authority to prescribe needful rules and regulations to enforce the tax code. 31 U.S.C. 330 provides the Secretary of the Treasury with the authority to regulate the practice of representatives of persons before the Department of the Treasury.

Forms 14157 and 14157-A are used by taxpayers to report allegations of misconduct by tax return preparers. These forms are designed specifically for tax return preparer complaints and include the items necessary for the IRS to evaluate and route to the appropriate function.

This information collection also includes non-form responses, such as proof of payment, taxpayer emails and letters of complaint.

2. USE OF DATA

This information will be used by IRS to identify tax return preparer non-compliance. Taxpayers will use this form to report allegations of tax return preparer misconduct.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There are no plans to provide electronic filing because of the low volume of filers.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available or use or adaption from another source.

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

This information collection will not have a significant economic impact on small businesses or other small entities.

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

The consequences for collecting this information are that the IRS will not be able to clearly determine how many complaints against tax return preparers it receives, how many complaints are worked, or the total number of multiple complaints against a specific firm or preparer. 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.

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 August 18, 2023 (FR 88 56705), the IRS received no comments regarding these forms.

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 “Preparer Inventory, PREP-INV” system and a Privacy Act System of Records notice (SORN) has been issued for this system under:

- IRS 24.046- CADE Business Master File
- IRS 24.030- CADE Individual Master File
- IRS 34.037- IRS Audit Trail and Security Records System
- IRS 22.063- Electronic Filing Records

The Internal Revenue Service PIAs 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.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Form 14157 and Form 14157-A often come directly to the Return Preparer Office (RPO). If the taxpayer needs victim’s assistance, we forward the form to the Identity Theft Victim’s Assistance (IDTVA) group. Some of the Form 14157-A’s go directly to Identity Theft Victim’s Assistance group. If a return preparer was not involved, the form is not sent to RPO. The estimates are as follows:

| Form | Description | # Respondents | # Responses Per Respondent- Approximate | Total Annual Responses | Hours Per Response | Total Burden |
|-------------------|---|---------------|---|------------------------|--------------------|--------------|
| 14157 and 14157-A | Tax Return Preparer Complaint and Tax Return Preparer Fraud or Misconduct Affidavit | 7,500 | 1 | 7,500 | 12 minutes | 1,593 |
| TOTAL | | 7,500 | | 7,500 | | 1,593 |

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no start-up or maintenance costs for this collection. The collection does not require respondents to obtain specialized equipment or professional services.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Cost estimate for product development 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 costs to the Federal government will vary depending on whether the IRS will incur printing or copying costs for all the materials. These costs do not include any activities such as taxpayer assistance and enforcement. IRS estimates have determined that the cost of developing, printing, distribution and overhead for the form is \$30,090.

15. REASONS FOR CHANGE IN BURDEN

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

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 forms expire 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.

18. 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.