

SUPPORTING STATEMENT  
Internal Revenue Service (IRS)  
Form 2032, Contract Coverage Under Title II of the Social Security Act  
OMB Control Number 1545-0137

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

U.S. citizens and resident aliens employed abroad by foreign affiliates of American employers are exempt from social security taxes. Internal Revenue Code (IRC) section 3121(l) allows American employers to enter into an agreement to waive this exemption and obtain social security coverage for U.S. citizens and resident aliens employed abroad by their foreign affiliates. Treasury Regulations section 36.3121(l)(1)-1 requires the employer to file Form 2032 to request such agreement. Treasury Regulations section 36.3121(l)(1)-2 allows the employer to file an amended Form 2032 to cover additional foreign affiliates not previously named in the agreement.

2. USE OF DATA

The IRS uses the data to record the agreement to waive the exemption from social security taxes and to collect social security taxes. The Social Security Administration uses the data to provide social security coverage to U.S. citizens and resident aliens employed by foreign affiliates of American employers that filed an agreement.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We have no plan to offer electronic filing because of low volume compared to cost of electronic enabling.

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 would not allow the IRS to record the waiver of exemption from social security taxes and to collect social security taxes, resulting in the inability of the IRS to meet its mission. It would also limit the ability of employers extend the insurance system established by title II of the Social Security Act to employees who are U.S. citizens or residents as provided by law.

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

The IRS received no comments during the public comment period in response to the Federal Register notice (88 FR 43417), dated July 7, 2023.

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

There is no personally identifiable information (PII) being collected on Form 2032.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Internal Revenue Code (IRC) 3121(l) requires certain American employers to disclose information. The IRS estimates that there will be approximately 26 respondents annually, with a total estimated burden of 158 hours annually. The estimated burden is shown below.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden Hours
IRC 3121(l)	Form 2032	26	1	26	6.07	158
<b>Totals</b>		<b>26</b>		<b>26</b>		<b>158</b>

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0137 to these regulations.

36.3121(l)(1)-1

36.3121(l)(1)-2

36.3121(l)(3)-1

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

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 startup 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.

<b>Product</b>	<b>Aggregate Cost per Product (factor applied)</b>		<b>Printing and Distribution</b>		<b>Government Cost Estimate per Product</b>
Form 2032	\$20,135	+	\$0	=	\$20,135
<b>Grand Total</b>	<b>\$20,135</b>	<b>+</b>	<b>\$0</b>	<b>=</b>	<b>\$20,135</b>
Table costs are based on 2022 actuals obtained from IRS Chief Financial Officer and Media and Publications					

15. REASONS FOR CHANGE IN BURDEN

There is no change to the paperwork burden previously approved by OMB. The IRS is making this submission for renewal purposes.

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. EXCEPTION 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.