

SUPPORTING STATEMENT

Internal Revenue Service

IRS Paid Preparer Tax Identification Number (PTIN) Application and Renewal (Form W-12)

OMB Control Number **1545-2190**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC), Section 6109 requires any return or claim for refund prepared by a tax return preparer shall bear such identifying number for securing, proper identification of such preparer, his employer, or both, as may be prescribed. IRC Section 6060 requires any person who employs a tax return preparer to prepare returns or claim refunds shall make a return setting forth the name, taxpayer identification number, and place of work of each tax return preparer employed at any time during such period.

A tax preparer must get the [Preparer Tax Identification Number or PTIN](#). The PTIN was created in 1999 [to ensure the privacy of tax preparers](#). Before the PTIN, tax preparers used their own Social Security Number (SSN) on every prepared tax return. Clients then have access to a tax preparer's SSN, which opens the tax preparer up for possible identity theft. The ID number is unique and cannot be used by others. The IRS issues PTINs per calendar year. Each PTIN expires on the last day of the year.

Anyone who is a paid tax return preparer must apply for and receive a PTIN. Enrolled Agents also must obtain a PTIN. The PTIN must be renewed annually. For purposes of determining who must obtain a PTIN, a tax return preparer is any individual who is compensated for preparing, or assisting in the preparation of, all or substantially all a tax return or claim for refund of tax.

Form W-12 is filed by anyone who is a paid tax return preparer must apply for or renew a Paid Preparer Tax Identification Number (PTIN). A PTIN must be obtained by anyone who is a paid tax return preparer or enrolled agent who are compensated for preparing, or assisting in the preparation of, all or substantially all of a tax return or claim for refund of tax.

2. USE OF DATA

The information will be used by the IRS to establish the identity and good standing of paid tax return preparers applying for a PTIN.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Electronic filing of form W-12 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.

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

The IRS proactively works with both internal and external stakeholders to minimize the burden on small businesses, while maintaining tax compliance. The Agency also seeks input regarding the burden estimates from the public via notices and tax product instructions. This information collection of information will have a minimal if any impact to small businesses. The forms can be filed

electronically, which further reduces any burden to small businesses.

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

Failure to collect the information opens the tax preparers up for possible identity theft. It also prevents taxpayers from properly complying and/or reporting with the requirements outlined in sections 6109 and 6060 of the Code.

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 October 16, 2023, (88 FR 71395), IRS received no comments during the comment period regarding Form W-12.

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 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 “Business Master file (BMF)” and a Privacy Act System of Records notice (SORN) has been issued for these systems under IRS 22.062 – Electronic Filing Records; IRS 24.030 – Customer Account Data Engine (CADE) Individual Master File; IRS 24.046 - CADE Business Master File (BMF); IRS 34.037 - IRS Audit Trail and Security Records System. Treasury/IRS 50.222 Tax Exempt and Government Entities (TE/GE) Case Management. The Internal Revenue Service PIA’s 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

Form W-12 is filed to apply for or renew a PTIN. We estimate that 1,200,000 enrolled agents or paid tax return preparers will complete and file this form to obtain or renew a PTIN. The estimated burden per respondent is 2 hours and 40 minutes, for a total estimated burden of 3,204,000 hours annually.

Authority	Form	# Respondents	# Responses Per Respondent	# Annual Responses	Hours Per Response	Total Annual Burden
IRS 6109 and 6060	W-12	1,200,000	1	1,200,000	2.67	3,204,000
TOTALS		1,200,000		1,200,000		3,204,000

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There is a registration/renewal fee of \$19.75 to acquire a PTIN to prepare federal tax return.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The primary cost to the government consists of the costs of printing, the forms.

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. The estimated annualized cost to the federal government is \$24,956.

Product	Aggregate Cost per Product (factor applied)		Printing and Distribution		Government Cost Estimate per Product
Form W-12	\$20,135	+	0	=	\$20,135
Instructions	\$ 4,821	+	0	=	\$ 4,821
Grand Total	\$24,956	+		=	\$24,956
Table costs are based on 2023 actuals obtained from IRS Chief Financial Office and Media and Publications					

15. REASONS FOR CHANGE IN BURDEN

Updates in the measurements used to calculate burden for Form W-12 will increase the overall burden estimate by 1,740,000 hours.

	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	1,200,000	0	0	0	0	1,200,000
Annual Time Burden (hours)	3,204,000	0	0	1,740,000	0	1,464,000

The submission is being made to revise and 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

IRS believes that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the form 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 for this collection.

Note: The following paragraph applies to all the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to 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 if 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.