

**SUPPORTING STATEMENT**  
**Internal Revenue Service**  
**Form 1099-A, Acquisition or Abandonment of Secured Property**  
**OMB # 1545-0877**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Internal Revenue Code (IRC) Section 6050J requires any persons in connection with a trade or business that lends money and acquires an interest in any property that is security for said debt or has reason to know that the property has been abandoned, must provide a copy of Form 1099-A to each borrower.

Form 1099-A is filed by certain lenders to report the acquisition or abandonment of secured property.

**2. USE OF DATA**

Form 1099-A is used by the IRS to verify compliance with the reporting rules and to verify that the borrower has properly reported the disposition of the property on his or her tax return.

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

IRS is currently offering electronic filing for Form 1099-A.

**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 is for individual taxpayers; therefore, there will be 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**

Consequences of less frequent collection would result in the IRS being unable to monitor compliance with the Federal tax rules related to the acquisition or abandonment of secured property, thereby engendering the inability of the IRS 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 March 13, 2024 (89 FR 18485), IRS received no comments during the comment period regarding Form 1099-A.

**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 “Information Returns Master File Processing (IRMF)” system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.030 CADE Individual Master File and Treasury/IRS 34.037 IRS Audit Trail and Security Records System. The Internal Revenue Service PIAs 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 1099-A is used by persons who lend money in connection with a trade or business, and who acquire an interest in the property that is security for the loan or who have reason to know that the property has been abandoned, to report the acquisition or abandonment. We estimate there will be 466,000 respondents with a response time about 10 minutes totaling 74,560 burden hours.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC 6050J	Form 1099-A	466,000	1	466,000	0.16	74,560
<b>Totals</b>		<b>466,000</b>		<b>466,000</b>		<b>74,560</b>

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0877 to this regulation.

**1.6050J-1**

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

This information collection will be included in the consolidated OMB submission for information returns currently being developed. IRS is working on the methodology for evaluating information return burden and cost; and will update the cost and burden estimates as part of the consolidation.

**14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT**

The Federal Government cost estimate is based on a model that considers the following three 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.

Product	Aggregate Cost per Product (factor applied)		Printing and Distribution		Government Cost Estimate per Product
Form 1099-A	\$43,456	+	\$7,195	=	\$50,651
Instructions 1099-A	\$6,268	+	\$1,085	=	\$7,353
Grand Total	\$49,724	+	\$8,280	=	\$58,004
Table costs are based on 2023 actuals obtained from IRS Chief Financial Office and Media and Publications					

**15. REASONS FOR CHANGE IN BURDEN**

There is no change in the paperwork burden previously approved by OMB. 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**

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 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.