SUPPORTING STATEMENT
Internal Revenue Service
Qualified Intermediary (QI), Withholding Foreign Partnership (WP), and Withholding Foreign Trust (WT) Application and Account Management System
OMB Control Number **1545-1597**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC) Section 1441 (Withholding of tax on nonresident aliens), states any nonresident alien individual or of any foreign partnership shall deduct and withhold from such items a tax equal to 30 percent or 14 percent depending on circumstances.

Revenue Procedure 2022-43 sets forth the final qualified intermediary (QI) withholding agreement (QI agreement) entered by the Internal Revenue Service and certain foreign persons under Treas. Reg. § 1.1441-1(e) (5) and (6). The Qualified Intermediary (QI), Withholding Foreign Partnership (WP), and Withholding Foreign Trust (WT) Application and Account Management System (QAAMS) allows entities to apply, renew, or terminate their status as a QI, WP, or WT.

In general, the QI agreement allows certain persons to enter into an agreement with the IRS to simplify their obligations as withholding agents under chapters 3 and 4 and as payors under chapter 61 and section 3406 for amounts paid to their account holders. The QI agreement also allows certain foreign persons to act as qualified derivatives dealers (QDDs) and assume primary withholding and reporting responsibilities on dividend equivalent payments made in a principal capacity for purposes of section 871(m). Additionally, the 2023 QI Agreement allows foreign persons to enter into the agreement for purposes of the withholding and reporting required under sections 1446(a) and (f) with respect to their account holders holding interests in publicly traded partnerships.

The reporting requirements (information collection) are set out in Section 5 of this Revenue Procedure. Form 14345 contains the application information for foreign financial institutions requesting Qualified Intermediary Agreement with the IRS. To become a QI, a prospective QI must submit the information specified in Form 14345 through QAAMS, which is accessible through the QI landing page available at: *https://www.irs.gov/businesses/corporations/qualified-intermediary-system*. An application must also include any additional information and documentation requested by the IRS. The application must establish to the satisfaction of the IRS that the applicant has adequate resources and procedures to comply with the terms of the agreement.

This is a request to renew the OMB approval of an existing Information Collection (IC) tool.

2. USE OF DATA

The information will be used by the IRS to ensure compliance with the U.S. withholding system under the section 1441 regulations (especially proper entitlement to treaty benefits).

The information will be used to determine whether or not to approve the entity for status as a QI, WP, or WT.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

QAAMS is a secure web-based platform for users to apply to become a QI, WP, or WT, certify compliance, renew, or terminate an existing QI, WP, or WT agreement, and manage their QI, WP, or WT information online.

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. The Agency will continue to as applicable find ways to reduce the burden on small businesses or other small entities.

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

The information required is needed to verify compliance with Treasury Regulations. A less frequent collection of taxes and tax information could adversely affect the government's effectiveness and would reduce the oversight of the public in ensuring compliance with Internal Revenue Code and hinder the IRS from meeting 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 2, 2024 (89 FR 35926), we received one comment letter during the comment period regarding this guidance.

In this letter from the Investment Industry Association of Canada (IIAC), comments were provided relating to the certifications and periodic review waiver. Concerns were raised relating to the amount of time and deadline dates. In summary, the IIAC proposes that the IRS:

- Automatically extend the due date for submitting periodic certifications for review years 2021 or 2022 from September 1, 2024, to June 1, 2025.
- To minimize the burden associated with explaining all variances, allow for a de minimis threshold for unexplained differences (unexplained reconciliation differences under the de minimis threshold would not trigger penalties).
- Implement a slip matching program for Forms 1042-S.

The letter also provided additional comments relating to the burden of the collection of information on those who are to respond. To summarize, the IIAC recommends the following to further minimize the burden associated with collecting information from respondents:

- Provide standard templates for QIs to complete the certification and the periodic review report.
- Provide access to the eTrak system.
- Modify QAAMS to provide more flexibility for QIs to drop file/upload any time without reopening their certification.
- Expand the list of contacts who can access QAAMS and add a list of level 1 and level 2 authorized representatives who the IRS can contact.
- Simplify the renewal process by incorporating an automatic renewal process unless changes are required.
- Facilitate an easier and quicker refund process for over-withholding.
- Develop a comprehensive approach to modernizing delivery requirements and supporting a more towards greater reliance on electronic delivery.
- Expand the portal capabilities so that QIs could easily access Notices and copies of transcripts, when needed.

The comment letter also explained that their members, that are also QI's, believe the current IRS burden estimates reflect a significant underestimation of the actual burden. After compiling, validating, and reviewing with the Responsible Officer the necessary information to input into QAAMS, many of our members said they spend approximately three hours in front of a computer to just go through the process in the portal – i.e., to manually input the required information and to review the input before submitting. Before they sit down to use the system, significant preparation is required behind the scenes which involves multiple team members and considerable time and effort.

This comment letter was forwarded to the appropriate office within the IRS for review

and consideration. After review, there are tentative plans to extend the due dates to November 1, 2024. There are no plans to accept any of the remaining proposals from the IIAC letter. A separate summary of the IIAC proposals and IRS responses has been included with this supporting statement.

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

There are no special circumstances requiring data collection to be inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

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)" 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. 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

We estimate that approximately 3,000 persons will submit applications and that it will take approximately 1 hour, 20 minutes to complete each application or the average. **The total time estimate is 4,000 hours.**

A withholding agreement includes the QI's, WP's, or WT's obligations to obtain beneficial owner statements or documentation and report (or otherwise make available) beneficial owner information to the IRS under the agreement. Most of the collections of information contained in the revenue procedure will be reflected on the QI's Form W-8, Form 1042, and Form 1042S (where necessary to be filed), and the accompanying statements to these forms. However, there are some instances where the collections of information are not included, or provided for, in one of the previously mentioned forms. These collections of information are as follows:

The agreement requires a QI, WP, or WT to provide any identifying information (e.g.,

name, address, or TIN) it may have regarding a U.S. payee that is required to, but does not, provide a Form 1099. We estimate that the QIs will have to provide this information for approximately 6,500 payees and that it will take approximately .25 hours to complete each submission of information. **The total time estimate is 1,625 hours.**

The agreement requires a QI, WP, or WT to obtain certain certifications and/or representations from non-individual payees claiming treaty benefits. We estimate that 88,379 non-individuals' payees will have to provide this information to the QIs, WPs, and WTs, and that each occurrence would take approximately an average of .50 hours. **The total time estimate is 44,190 hours.**

The agreement requires a QI, WP, or WT to maintain a record of the documentation received and reviewed for purposes of satisfying the terms of its withholding agreement. We estimate that the QIs, WPs, and WTs will have approximately 1,000,000 occurrences for record retention and that it will take approximately .25 hours per occurrence. **The total time estimate is 250,000 hours.**

The agreement requires a QI, WP, or WT (who does not assume primary withholding responsibility) to provide sufficient information to a withholding agent so that the withholding agent can make adjustments for any over-and-under withholding. We estimate that there will be approximately 100 QIs in this situation and that it will take approximately 12 hours per QI, WP, or WT to provide this information. **The total time estimate is 1,200 hours.**

The agreement requires a QI to give notice of termination to the IRS if it wishes to terminate the agreement. We estimate that approximately 12 QIs will submit this notification, and that it will take approximately .25 hours. **The total time estimate is 3 hours.**

Form	Description	Total Number of Respondents	Responses per Respondent	Total Annual Responses	Hours Per Response	Total Burden
14345	Application for Qualified Intermediary, Withholding Foreign Partnership, or Withholding Foreign Trust Status	3,000	1	3,000	1 hr. 20 min.	4,000
	Identifying information (e.g., name, address, or TIN) regarding a U.S. payee	3,000	varies *(for calculation purposes we used 2.167)*	6,500	.25	1,625
	Certifications and/or representations from non-individual payees claiming treaty benefits	3,000	varies *(for calculation purposes we used 29.46)*	88,379	.50	44,190
	Maintain a record of the documentation received and reviewed for purposes of satisfying the terms of its withholding agreement	3,000	varies *(for calculation purposes we used 333.33)*	1,000,000	.25	250,000
	Sufficient information to a withholding agent so that the withholding agent can make adjustments for any over-and-under withholding	100	1	100	12	1,200

	Notice of termination	12	1	12	.25	3
				1,097,991		301,018

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

From our Federal Register notice dated May 2, 2024, no public comments were received on the estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. As a result, estimates of these cost burdens are considered nominal.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The IRS estimates an annual governmental cost to be nominal.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. We are 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 regulations sunset 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.