SUPPORTING STATEMENT
Internal Revenue Service
Employee Retention Credit for Employers Affected by Qualified Disasters
Form 5884-A
OMB Control Number 1545-1978

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Public Law 116-260 Div. EE, Section 301 defines what is a "qualified disaster area" determined by the President.

Public Law 116-260 Div. EE, Section 303 of the 2020 Tax Relief Act, an employer may be able to claim a "2020 Qualified Disaster Employee Retention Credit". The employer had been conducting a trade or business within an area that became a Qualified Disaster Zone, that became inoperable, and the employer has to have paid wages to an employee who had been employed within that Qualified Disaster Zone**.**

Form 5884-A is used to figure certain credits for disaster area employers. These credits typically include employee retention credits for eligible employers who conducted an active trade or business in certain disaster areas. The credit is equal to 40 percent of qualified wages for each eligible employee (up to a maximum of $6,000 in qualified wages per employee).

2. USE OF DATA

The information is used by employers and the IRS to determine whether the employee retention credit is available to businesses in certain disaster areas.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The IRS is currently offering electronic filing on Form 5884-A.

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

IRS have attempted to minimize burden on small businesses or other small entities by closely following previous revisions of this form. The form can be filed electronically, which further reduces any burden to small businesses.

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

If the IRS did not collect this information, the taxpayer and IRS would not have the information to determine whether the credit is appropriate. 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

The IRS received no comments during the public comment period in response to the Federal Register notice (89 FR 66174), dated August 14, 2024.

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)" 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 and 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

Taxpayers will file Form 5884-A to figure certain credits for disaster area employers. We estimate that 120 trust and estate taxpayers will spend an average of 2.5 hours filing this form.

The burden estimate as follows:

Authority	Description	# of Respondents	# Responses Per Respondent	Annual Responses	Hours Per Response	Total Burden
P. L. 116-260 Division EE, §§ 301 & 303	Form 5884-A	120	1	120	2 hrs., 33 min.	306
Total		120		120		306

The individual filers burden is reported under 1545-0074 and the business filers burden is reported under 1545-0123. The above burden is for all other filers such as estates and trusts.

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 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 federal government estimated annualized cost is as follows:

Product	Aggregate Cost per Product (factor applied)		Printing and Distribution		Government Cost Estimate per Product
Form 5884-A	$17,678	+	$0	=	$17,678
Instructions	$4,821	+	$0	=	$4,821
Grand Total	$22,499	+	$0	=	$22,499
Table costs are based on 2024 actuals obtained from IRS Chief Financial Office and Media and Publications					

15. REASONS FOR CHANGE IN BURDEN

There were no changes made to the forms that resulted in any change to the burden previously reported to OMB. We are making this submission to renew the OMB approval.

The decrease in burden estimates is accounted for individual filers reported under 1545-0074 and business filers reported under 1545-0123 for Form 5884-A.

This decrease in burden by -249,880 responses and -637,194 hours due to the burden assigned to the respective OMB control numbers.

At this time, estate and trust filers of Forms 5884-A will be captured under OMB control number 1545-1978. The IRS anticipates that there will be 120 respondents annually, for a total estimated burden of 306 hours annually. The time needed to complete and file the forms will vary depending on individual circumstances.

	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 for this IC	120	0	0	-249,880	0	250,000
Annual IC Time Burden (Hours)	306	0	0	-637,194	0	637,500

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

We believe 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.