

## **SUPPORTING STATEMENT**

Internal Revenue Service

Form 1096, Annual Summary and Transmittal of U.S. Information Returns

OMB Control Number **1545-0108**

### 1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Sections 408(i), 6041 through 6045, 6047, 6049, 6050A, 6050B, 6050D, 6050E, 6050H, 6050J, 6050N, and 6050P of the Internal Revenue Code (IRC), provide for the filing of information returns to report the payment of certain types of income, mortgage interest, and IRA contributions.

Form 1096 is used by information return filers to transmit paper Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G to the Internal Revenue Service (IRS).

### 2. USE OF DATA

Filers use Form 1096 to transmit paper information returns to IRS. The IRS uses this information to summarize, categorize, and process the forms being filed.

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

There are no plans to enable electronic filing of Form 1096 since this form is only required when information returns are filed on paper. Filers do not need to submit Form 1096 if they file information returns electronically through the Filing Information Returns Electronically (FIRE) System or the Information Returns Intake System (IRIS).

### 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

There is no flexibility to reduce burden on small businesses or other small entities because the statutes apply to small businesses and small entities. Small businesses have the option to transmit information returns electronically through the FIRE or IRIS systems.

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

A less frequent collection would result in the IRS being unable to obtain the information outlined in the cited regulations, which will complicate the taxpayer's ability to receive proper tax credit and reduce the Agency's ability to verify the accuracy of said credits.

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 August 15, 2024 (89 FR 66505), IRS received no comments during the comment period regarding Form 1096.

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 Return Processing (IRP)” system, and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 22.061 - Information Return Master File, IRS 24.030 - Customer Account Data Engine Individual Master File, IRS 24.046 - Customer Account Data Engine Business Master File, and IRS 34.037 - Audit Trail and Security Records. The Internal Revenue Service PIAs can be found at <http://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

<b>OMB Collection</b>	<b>Authority</b>	<b>Form</b>	<b>Annual Responses</b>	<b>Hours per Response</b>	<b>Total Burden</b>
IRS 1545-0108	IRC 6041	1096	2,124,667	.19	403,687
	<b>IRS TOTAL</b>		<b>2,124,667</b>		<b>403,687</b>

Please continue to assign OMB number 1545-0108 to this regulation.

**1.6041-1**

**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 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.

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 1096	\$ 105,924	\$60,594	166,518

Table costs are based on 2023 actuals obtained from IRS Chief Financial Office and Media and Publications

**15. REASONS FOR CHANGE IN BURDEN**

Changes to update box numbers for Forms 1099-MISC and 1099-NEC along with updated filing projections will result in a decrease in the estimated annual burden. Changes made to the form will result in a burden decrease of 84,986 hours. Updated estimates based on 2023 IRS Publication 6961 will result in burden decrease of 808,596 hours.

ICR Summary of Burden:

	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	2,124,667	0	0	-3,515,633	0	5,640,300
Annual Time Burden (Hr)	403,687	0	-84,986	-808,596	0	1,297,269

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 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.

**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, 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 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.