

SUPPORTING STATEMENT

Internal Revenue Service

Application for Exemption from Social Security and Medicare Taxes and Waiver of Benefits
(Form 4029)

OMB # 1545-0064

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The collection covers the information reporting requirements for certain members of recognized religious groups to apply for exemption from social security and Medicare taxes.

Sections 1402(g) and 3127 of the Internal Revenue Code and section 1.1402(h) of the Income Tax Regulations allow members of recognized religious groups to be exempt from payment of social security and Medicare taxes.

Form 4029 is used by members of recognized religious groups to apply for exemption from social security and Medicare taxes. The exemption is for individuals and partnerships (when all the partners have approved certification).

2. USE OF DATA

Regulation section 1.1402(h) provide guidance on how to apply for exemption from social security and Medicare taxes if you are a member of, and follow the teachings of, a recognized religious group. The information is used by the Internal Revenue Service (IRS) and the Social Security Administration (SSA) to verify that the applicant is eligible for the exemption.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The Internal Revenue Service (IRS) has no plans to offer electronic filing because the initial filing of the form is sent to the Social Security Administration (SSA). SSA then forwards the reviewed documents to IRS for updating of taxpayer tax records. The IRS is then responsible for notifying the recipient via direct taxpayer notice.

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 are no small entities affected by this collection.

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

Applying for an exemption from social security and Medicare taxes is voluntary. Providing the requested information, however, is mandatory if one requests the exemption. Failure to

provide all or part of the information requested on Form 4029, may get the application denied. Providing false or fraudulent information, may be subject to penalties.

If the Internal Revenue Service (IRS) did not collect this information, the IRS will not be able to verify compliance with the reporting rules and to verify that the recipient has included the proper amount of taxable income on his or her income tax return.

Failure to collect and retain the information outlined in the regulations will complicate the taxpayer's ability to receive the proper tax credit and the IRS's ability to verify its' accuracy.

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

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding Form 4029.

In response to the *Federal Register* notice dated October 3, 2024, (89 FR 80630), we received no comments during the comment period regarding Form 4029.

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 "Individual Master File" (IMF) system. Privacy Act System of Records notice (SORN) have been issued for these systems under IRS 24.046-Customer Account Data Engine Business Master File, 24.030 CADE Individual Master File, and 34.037 IRS Audit Trail and Security Records System. The Internal Revenue Service PIA's can be found at 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 4029 is used by members of recognized religious groups to apply for exemption from social security and Medicare taxes. The exemption is for individuals and partnerships (when all the partners have approved certification).

OMB Collection	Authority	Form	Annual Responses	Hours per Response	Total Burden
IRS 1545-0064	IRC 1402	4029	3,414	1.01	3,449
	IRS TOTAL		3,414		3,449

Please continue to assign OMB number 1545-0064 to these regulations.

1.1402(h)-1 31.6053-1

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

From our Federal Register notice dated October 3, 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 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.

<u>Product</u>	<u>Aggregate Cost per Product (factor applied)</u>		<u>Printing and Distribution</u>		<u>Government Cost Estimate per Product</u>
Form 4029	\$19,285	+	0	=	\$19,285
Grand Total	\$19,285		0		\$19,285

15. REASONS FOR CHANGE IN BURDEN

There are no changes to the form. However, updates in the estimated number of annual responses will decrease the burden previously approved by 343 hours. We are making this submission to renew the OMB approval.

	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	3,414	0	0	-340	0	3,754
Annual Time Burden (Hr.)	3,449	0	0	-343	0	3,792

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 regulation sunsets as of the expiration date. Taxpayers are not likely to be aware that the Service 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.