SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Form 1099-G, Certain Government Payments
OMB Control Number 1545-0120

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC) Sections 6041, 6050B, 6050D, and 6050E require payers to report taxable grants, unemployment compensation, state and local income tax refunds, and agricultural payments.

Form 1099-G is used to report government payments such as unemployment compensation, state and local income tax refunds, credits, or offsets, reemployment trade adjustment assistance (RTAA) payments, taxable grants, agricultural payments, or for payments received on a Commodity Credit Corporation (CCC) loan.

2. USE OF DATA

Form 1099-G is used by governments (primarily state and local) to report to the IRS (and notify recipients of) certain payments (e.g., unemployment compensation and income tax refunds). IRS uses the information to ensure that the income is being properly reported by the recipients on their respective returns.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Electronic filing of Form 1099-G is currently available.

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 burden on small businesses or entities by this collection due to the inapplicability of the IRC sections 6050B, 6050D, and 6050E to this type of entity.

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

The IRS uses Form 1099-G to verify that taxable payments from each of these sources are reported on the recipient’s income tax return. If the IRS cannot verify the taxable payments, it will hinder the IRS from meeting its mission.

1. 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).

2. 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 January 2, 2025 (90 FR 125), the IRS received one comment in support of using Form 1099-G. The IRS appreciates the comment.

3. 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 U.S.C. 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 Processing (IRP)", "Information Return Intake System Web Portal", "Filing Information Returns Electronically (FIRE)" systems, and Privacy Act System of Records notices (SORN) have been issued for these systems under IRS 22.061 - Information Return Master File (IRMF), IRS 22.062 - Electronic Filing Records, IRS 24.030 - Customer Account Data Engine Master File, IRS 24.046 - Customer Account Data Engine Business Master File, IRS 34.037 - IRS Audit Trail and Security Records System. The Internal Revenue Service PIAs can be found at https://www.irs.gov/privacy-disclosure/privacy-impact-assessments-pia.

Title 26 U.S.C. 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

IRC sections 6041, 6050B, 6050D, and 6050E require government entities to report and disclose information. Form 1099-G is used to report information to the IRS and provide a statement to the taxpayer. The estimated burden is shown below.

Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
Form 1099 G	83,436,800	1	83,436,800	0.3	25,031,040
Totals	**83,436,800**		**83,436,800**		**25,031,040**

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0120 to these regulations.

1.6041-1(a)(2)	1.6050D-1(a)
1.6050B-1	1.6050E-1(c), (d)

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. The 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 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-G	37,864	+	10,282	=	$ 48,146
Form Instructions	4,854	+	0	=	$ 4,854
Total	**$ 42,718**	**+**	**$10,282**	**=**	**$ 53,000**
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. However, the number of responses was updated based on current filing data. This increases the number of responses by 1,072,200 and the burden hours by 321,660 annually due to Agency Estimate. This submission is to renew the OMB approval.

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	83,436,800	0	0	1,072,200	0	82,364,600
Annual Time Burden (Hr.)	25,031,040	0	0	321,660	0	24,709,380
Annual Cost Burden ($)	0	0	0	0	0	0

16. <u>PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION</u>

There are no plans for tabulation, statistical analysis and publication.

1. <u>REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE</u>

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 the OMB approval and obtain a new expiration date before the old one expires.

2. <u>EXCEPTION TO THE CERTIFICATION STATEMENT</u>

There are no exceptions to the certification statement.