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SUPPORTING STATEMENT
Internal Revenue Service
Coverdell ESA Contribution Information
Form 5498-ESA
OMB #1545-1815

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Form 5498-ESA, Coverdell ESA Contribution Information is used by trustees or issuers of Coverdell Education Savings Accounts (ESAs) to report contributions and rollovers to these accounts and to the beneficiaries. The accounts were previously designated as Education Individual Retirement Accounts (IRAs) and were reported on Form 5498. P.L. 107-22, codified in Internal Revenue Code (IRC) section 530, and re-titled them as Coverdell ESAs.

2. USE OF DATA

The data reported on this form is to be used by the Internal Revenue Service (IRS) and beneficiaries to determine if excess contributions have been made, and for beneficiaries to track contributions.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Electronic filing of Form 5498-ESA 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 authorizing statute to this type of entity.

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

Consequences of less frequent collection on federal programs or policy activities would result in ineligible beneficiaries reporting inaccurate contributions or excessive contributions.

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 March 4, 2025, (90 FR 11209), we received no comments during the comment period regarding Form 5498-ESA.

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 IRC section 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)" and a Privacy Act System of Records notice (SORN) has been issued for these systems under IRS 22.062 – Electronic Filing Records; IRS 24.030 – Customer Account Data Engine (CADE) Individual Master File; IRS 24.046 - CADE Business Master File (BMF); IRS 34.037 - IRS Audit Trail and Security Records System. The Internal Revenue Service PIA's 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

The burden estimate is as follows:

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Time per Response	Total Burden Hours
IRC 530	Form 5498-ESA	111,200	1	111,200	7 minutes	13,344
Totals		111,200		111,200		13,344

Publication 6961 – Calendar Year Projections of Information and Withholding Documents for the United States and IRS Campuses – was used to retrieve the estimate Annual Number of Responses (2025 Filers).

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 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 5498-ESA	100,970	+	0	=	100,970
Instr. 5498-ESA	4,854	+	0	=	4,854
Grand Total	105,824	+	\$0	=	105,854
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, and the time per response was updated. This decreased the number of responses by 85,400 and the burden hours by 10,248 annually due to Agency Estimate.

	Total Requested	Change Due to New Statute	Change Due to Agency Discretion	Change Due to Adjustment in Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses	111,200	0	0	-85,400	0	196,600
Annual Time Burden (Hr)	13,344	0	0	-10,248	0	23,592

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 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 for this collection.