

SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Gaming Industry Tip Compliance Agreement (GITCA)
Revenue Procedure 2020-47 and 2007-32
1545-1530

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The Internal Revenue Service (IRS) designed the Gaming Industry Tip Compliance Agreement (GITCA) to promote compliance by gaming industry employers and employees with the provisions of the Internal Revenue Code (IRC) relating to tip income and to reduce disputes under IRC Section 3121(q). Under the GITCA Program, a gaming industry employer and the Internal Revenue Service (IRS) work together to reach a GITCA that establishes minimum tip rates for participating tipped employees in specified occupational categories, prescribes a threshold level of participation by the employer's employees, and reduces compliance burdens for the employer and enforcement burdens for the IRS.

The GITCA offers employers the opportunity of entering into an agreement with the IRS. This permits employers in the gaming industry and their participating employees to avoid examinations pertaining to the number of tips reported to the employer by its employees as required by 26 U.S.C. 6053(a).

Employer requirements include (1) determining and listing tip rates and occupational categories; (2) maintaining records of employees, gaming activities, food and beverage activities, and tip rates; furnishing information regarding employees and food and beverage activities; and making available upon request the records required to be maintained; (3) notifying the IRS in writing if the employer wishes to terminate the agreement; (4) soliciting participation agreements from employees (75 percent of tipped employees must agree to participate); and (5) provide IRS with annual reports of the non-participating employees, and payroll information to verify the W-2 information.

Employees choosing to participate in the agreement are required to sign a Model Gaming Employee Tip Reporting Agreement indicating that they will report tips at or above the tip rate established for the employee's occupational category. The signed agreements are provided to the employer.

The GITCA program was established by Revenue Procedure (Rev. Proc.) 2003-35 and updated by Rev. Proc. 2007-32 with a new model GITCA. Rev. Proc. 2020-47 retained the collection requirements from Rev. Proc. 2007-32 and modified it by extending the expiration and renewal term of a GITCA from three to five years.

2. USE OF DATA

The information will be used by IRS to identify participating and nonparticipating employees and to monitor compliance with the agreement and the statutory tip reporting requirements.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There is no electronic filing for the third-party disclosures and recordkeeping requirements. The IRS has no plans to offer electronic filing for the reporting requirements due to the low number of filers.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available for use of adaptation from another source.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESS OR OTHER SMALL ENTITIES

The collection of information requirement will not have a significant economic impact on a substantial number of small entities.

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

Consequences of less frequent collection on federal programs or policy activities could result in employees being noncompliant with the agreement and the statutory tip reporting requirements.

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 agency received 1 comment during the comment period in response to the Federal Register notice dated March 10, 2025, (90 FR 11652). The commentor asked a program question about how GITCA numbers are issued. The comment is not relevant to the collections of information.

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 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 "Individual Master File (IMF)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.030--Customer Account

Data Engine Individual Master File, formerly Individual 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

Authorit y	Description	# of Respondent s	# Responses per Respondent	Annual Response s	Hours per Response646283	Total Burden
6053(a)	Rev. Proc. 2007-32	781	1	781	14.74	11,512
Totals		781	1	781	14.74	11,512

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There is no start-up or maintenance cost for establishing an agreement with IRS or for the third-party disclosures. The records are usual business records that impose no additional cost to respondents.

14. ESTIMATED ANNULIZED COST TO THE FEDERAL GOVERNMENT

There are no costs to the government as there are no development, distribution, or printing costs for these collections. IRS government cost estimates do not include activities such as taxpayer assistance and enforcement.

15. REASONS FOR CHANGE IN BURDEN

There is no change to the burden and this time. This is for renewal purposes only.

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 IN APPROPRIATE

IRS believes that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the collections sunset 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.