

SUPPORTING STATEMENT  
Internal Revenue Service  
Form 1099-CAP, Changes in Corporate Control and Capital Structure  
OMB Control Number 1545-1814

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Internal Revenue Code (IRC) section 6043(c) sets forth reporting requirements for transactions involving a change in control or in the capital structure of a corporation. Section 6043(c) specifically provides that if control of a corporation is acquired by any person (or group of persons) in a transaction (or series of related transactions) or there is a recapitalization of a corporation or other substantial change in the capital structure of a corporation, the Internal Revenue Service (IRS) may require the corporation to file informational returns identifying the parties to the transaction, the fees involved, the changes in the capital structure involved, and any other information required by regulations.

The regulation section 1.6043-4 requires large companies to report corporate inversion transactions that subject shareholders to taxes. The regulations mandate the reporting of transactions involving the acquisition of control within an affiliated group or involving stock valued less than \$100 million will not be covered. The regulations are effective for acquisitions of control and substantial changes of capital structure taking place after December 31, 2001.

Form 1099-CAP is filed by a corporation whose control was acquired or who underwent a substantial change in capital structure and then determined the shareholders may have to recognize gain from the cash, stock, or other property they received in exchange for the corporation's stock.

**2. USE OF DATA**

Taxpayers (shareholders) will use the information to determine any taxable gain incurred from cash received and the fair market value of stock or other property received. The gain, if any, is reported on the taxpayers' income tax return. The data will also be used by the IRS for compliance purposes.

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

We are currently offering electronic filing on Form 1099-CAP.

**4. EFFORTS TO IDENTIFY DUPLICATION**

The information obtained through this collection is unique and is not already available or use or adaption from another source.

**5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES**

There is no burden on small businesses or other small entities due to the inapplicability of the authorizing statute to this type of entity since it is applicable to large companies that report corporate inversion transactions under IRC 6043(c).

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

Less frequent collection of this information would result in the IRS being unable to verify tax being calculated and reported correctly for the purpose of IRC section 6043(c). Additionally, less frequent collection of this information would compromise the IRS's ability to enforce tax compliance. Tax compliance is a vital part of the government's ability to meet its mission and serve the public.

**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 May 29, 2025 (90 FR 22831), we received no comments during the comment period regarding Form 1099-CAP.

**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 "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 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.

IRC 6043 and its regulations requires taxpayers to file an information return with the IRS and furnish a statement to recipients. The agency asks for the information on the form to carry out the Internal Revenue laws of the United States. Taxpayers are required to give the agency the information needed to figure and collect the right amount of tax. The Privacy Information Statement can be found in the general instructions.

12. **ESTIMATED BURDEN OF INFORMATION COLLECTION**

The agency estimates that 300 respondents (large companies) will file the form annually to report corporate inversion transactions that subject shareholders to taxes. Estimates are based on its most recent filing data. It is estimated that it will take 11 minutes to complete the collection of information for a total of 54 annual burden hours.

Burden Estimates as follows.

Authority	Description	# of Respondents	# of Responses Per Respondent	Annual Responses	Hours Per Response	Total Burden Hours
IRC § 6043(c)	Form 1099-CAP	300	1	300	.18	54
TOTAL		300		300		54

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.

<b>Product</b>	<b><u>Aggregate Cost per Product (factor applied)</u></b>		<b><u>Printing and Distribution</u></b>		<b><u>Government Cost Estimate per Product</u></b>
Form 1099-CAP	\$41,019	+	\$0	=	\$41,019
Instructions 1099-CAP	\$ 4,854	+	\$0	=	\$4,854
Totals	\$45,873				\$45,873
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. We are making this submission to renew the OMB approval. The IRS has updated the burden estimates to reflect current filing data. This has increased the number of respondents by 186 and the corresponding burden hours by 33 due to Agency Estimate.

	<b>Total Requested</b>	<b>Change Due to New Statute</b>	<b>Change Due to Agency Discretion</b>	<b>Change Due to Adjustment in Estimate</b>	<b>Change Due to Potential Violation of the PRA</b>	<b>Previously Approved</b>
Annual Number of Responses	300	0	0	186	0	114
Annual Time Burden (Hr.)	54	0	0	33	0	21

**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 regulations sunsets 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.